FEDERATION OF NIGERIA

FEDERAL GOVERNMENT DEVELOPMENT PROGRAMME

1962-68

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Int
I

FEDERAL GOVERNMENT OF NIGERIA

ECONOMIC DEVELOPMENT PROGRAMME—1962-68

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FEDERAL GOVERNMENT OF NIGERIA

DEVELOPMENT PROGRAMME, 1962-68

The principal feature of Nigeria's First National Development Plan, 1962-68, is its gearing for growth—growth, that is, not in the sense of achieving spectacular, immediate or even short-term results, but rather in the sense of laying a solid and enduring foundation for future expansion—an essential prerequisite in Nigeria's evolution towards a self-sustaining economy.

2. In considering the Federal Government's Development Programme two factors must be borne in mind. Firstly, the conception and execution of a National Plan is such that the Programme of any one Government cannot be judged in isolation or be regarded as complete in itself. In other words, the Development Programme of each of the four Governments forms but one essential part of a composite and coherent whole. Thus, the Federal Government's Programme must be viewed against the background of the general objective of the National Plan and the prospects for the Nigerian economy in the coming years.

3. Secondly, the Federal Government has an exclusive constitutional responsibility for certain major fields of governmental activity. These include :—

(*i*) the defence of the nation and internal security ;

(*ii*) the development of communications of nationwide significance ; telecommunications, major trunk roads, railways, sea and airports, etc. ;

(*iii*) the expansion of electric power ;

(*iv*) certain major aspects of higher education, including medical education ;

(*v*) pure research in the fields of primary production and mineralogy ;

(*vi*) provision for services within the Federal territory of Lagos ;

(*vii*) the creation of financial institutions appropriate to a sovereign state and the maintenance of confidence in these institutions.

4. It follows, therefore, that the role of the Federal Government within the overall National Plan must necessarily differ considerably from those played by Regional Governments. Nevertheless, the Federal Government recognises clearly that it also must be responsible for providing a bold lead to Regional Governments in the achievement of the major objectives of the Plan. It is for this reason, for example, that it has accepted to provide by way of loans and grants, a total sum of up to £25,000,000 towards the expansion of activities in the field of primary production.

5. At its Tenth Meeting held in 1959, the National Economic Council laid down that a National Development Plan should be prepared for Nigeria with the objective of the "achievement and maintenance of the highest possible rate of increase in the standard of living and the creation of the necessary conditions to this end, including public support and awareness of both the potential that exists and the sacrifices that will be required".

6. The major objective of the First National Plan is to maintain and, if possible, surpass, the average rate of 4 per cent per year in the growth of Gross Domestic Product. To realise this aim, it will be necessary to invest approximately 15 per cent of the Gross National Product each year and to ensure that as much as possible of this gross investment, whether undertaken by the Government or by private business, is channelled into the directly productive sectors of the economy. The Governments of the Federation fully realise that this high rate of

investment will, of necessity, require a substantial amount of foreign assistance and of capit imports. It must be expected, therefore, that the import surpluses will increase but th trend is important to enable the economy to absorb external finance and to permit some increas in the level of living. In order to avoid hardships on the population, and distortion in t priorities of the Plan, every effort will be made to prevent inflationary price rises throu monetary and fiscal policies and to avoid, as far as possible, the control of imports throu quantitative restrictions and exchange controls.

7. The Governments of Nigeria realise that only the achievement of a substantial rate growth of the economy will make it possible to raise the average level of living and to provi the Nigerian people with the means for increased employment, and improved education a health. In order to achieve this rate of growth, the Governments have recognized that large a volume of resources as possible must be allocated into the directly productive sectors the economy. For this reason, the National Plan accords the highest priority to agricultu industry and technical education.

8. The total capital expenditure programme of the National Plan amounts to £67 million over the six-year period. Of this sum, approximately 14 per cent has been allocated Primary Production and 13 per cent to Trade and Industry. Thus, the two sectors which ha been accorded top priority in the Plan will account for more than one quarter of the to capital expenditure over the period. Equally notable is the fact that more than 70 per cent the total capital expenditure is to be devoted to those sectors which contribute directly economic growth—primary production ; trade and industry ; electricity ; the transport syste communications ; and irrigation and industrial water supplies. As Table I shows, there been a substantial shift in the composition of capital expenditure, from administrative developmental expenditure, compared with the 1955-61 Economic Programme.

TABLE 1

DISTRIBUTION OF CAPITAL PROGRAMMES AMONG MAJOR EXPENDITURE CATEGORIES (ALL GOVERNMENTS) 1955-61 AND 1962-68

	1955-61 *Plan*	1962-68 *Plan*
Development Expenditure	50.8%	71.7%
Social Overhead Expenditure	19.9%	20.9%
Administrative Expenditure	29.3%	7.0%

9. Of particular interest is the major shift in emphasis which is to occur in those sec which have been accorded highest priority in the Plan. The following illustrates the cha in emphasis that has occurred :—

TABLE 2

DISTRIBUTION OF CAPITAL EXPENDITURE ON AREAS OF MAJOR EMPHASIS (ALL GOVERNMENTS) 1955-61 AND 1962-68

	1955-61 *Plan*		1962-68 *Plan*	
	Expenditure (£ million)	*Percentage of Plan Expenditure*	*Expenditure (£ million)*	*Percent of Pla Expendi*
Primary Production	8.7	3.7%	90.7	13.4
Trade and Industry	6.9	2.9%	89.6	13.3
Education	18.8	8.0%	69.8	10.3

10. The expected financing for the Programmes of the four Governments may be summarised as follows :—

TABLE 3

SOURCE AND USE OF FUNDS FOR ALL GOVERNMENT CAPITAL PROGRAMMES, 1962/63-1967/68

	£
Resources from all sources	1,212.6 million
Less Recurrent Expenditures	953.6 million
Available for Capital Programme	259.0 million
Planned Capital Expenditure	676.5 million
Less Underspending	25.0 million
Requirements for Capital Programme	651.5 million
Less Domestic resources available for Capital Programme	259.0 million
Gap to be financed	392.5 million
Less Assumed Foreign Aid*	338.8 million
Uncovered Gap	53.7 million

11. Within the total National figure of £676.5 million, the capital expenditure programme for the Federal Government amounts to £412.5 million. This includes the expenditure by Federal Statutory Corporations and by the wholly-owned Nigerian National Line and Nigeria Airways. The expenditure to be incurred directly by the Federal Government is expected to amount to £238 million, or 58 per cent of the total Federal Development Programme.

12. As has been indicated in paragraph 10 above, the Governments of the Federation expect to receive approximately one half of the total cost of the capital programmes by way of foreign loans and grants. The Federal Government intends, therefore, to mobilise from its own resources some £200 million towards the financing required for its Programme. This may be summarised as follows :—

TABLE 4

SOURCES OF FUNDS FOR FEDERAL CAPITAL PROGRAMME

	£
Total Recurrent Revenues, 1962-68	487 million
Less Recurrent Expenditure	460 million
Available for Capital Development from Recurrent Surpluses	27 million
Internal Resources of Statutory Corporations	80 million
Domestic Borrowing and Central Bank	63 million
Mobilisation of Nigerian External Resources	10 million
Other Accumulated Federal Government Funds	20 million
TOTAL	200 million

13. The major step forward in the economic development of Nigeria which is the aim of the National Plan is fully reflected in the Federal Government Development Programme. In particular, investment will not, as hitherto, be largely limited to projects which are of exclu-

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* Assumed at 50 per cent of Planned Capital Expenditure.

sively Federal concern, but will be broadened to embrace new activities, particularly in the fields of agriculture and education. The allocation of investment in the Federal Government's Programme is directed towards :—

(*i*) The production of adequate, cheap and reliable supplies of electric power to meet the rapidly increasing demand and without which the industrial and economic development of the Nation would be seriously delayed. In this connection, special mention must be made of the Niger Dams project, to which the National Economic Council has accorded the highest priority and which, it is anticipated will also provide important agricultural, fisheries and navigation benefits.

(*ii*) A major increase in investment by the Federal Government in the field of Agriculture, coupled with more intensive research into natural resources and mineral wealth.

(*iii*) A positive approach to industrial development, both by promoting the establishment of a Development Bank and by direct Government participation in industry on a massive scale, particularly to support high priority programmes and to induce growth in the economy. Attention is drawn to the proposed Iron and Steel Industry which is expected to stimulate the establishment of a number of other related industries.

(*iv*) The maximum possible investment in the development of technical, secondary and higher education so that the future manpower requirements of the nation may be met by Nigerians in the shortest practicable time.

(*v*) The development of communications and a co-ordinated transport system, making the fullest use of the particular advantages of the various forms of transport available.

(*vi*) A limited expansion of services in the Federal Territory of Lagos commensurate with the increasing ability of the population of Lagos to sustain such services.

(*vii*) The strengthening of the defence and internal security forces.

(*viii*) Restraining investment in all other fields to the minimum levels required to accelerate growth in these sectors of higher priority.

14. The uncertainties of the future, as well as lessons from past experience, require that the execution of the programme should be subject to constant review and re-evaluation in the light of changing circumstances. The Federal Government intends to establish an effective organisation for this purpose.

15. In formulating the National Plan, the Governments have fully appreciated that the capital expenditure programmes constitute only a part of the total development expenditure contributing towards the growth of the economy.

16. It is fully realised that public capital expenditure forms only one aspect of the Plan. In particular, many development expenditures, particularly in such important fields as agricultural extension and industrial advisory services, are of a recurrent nature. The Federal Government intends, therefore, to ensure that recurrent expenditure will itself be shifted as much as possible to those purposes which will foster economic growth and that any reductions in planned expenditure which may become necessary will first be made in the administrative rather than the development sectors.

17. Finally, in formulating the National Plan, the Governments of the Federation have fully recognised the importance of the contribution which will be made by the private sector of the economy towards the Nation's economic growth. To this end, it is intended to pursue vigorous policies by which private industry and other businesses will be stimulated, which will aid Nigerian businessmen to control increasing proportions of the Nigerian economy, and which will prevent inflation and exchange controls.

Corrigendum

Page 5, Table 5, item 13 *delete* the word "Government"

18. In accordance with the classification of the capital budgets to be used for the National Plan, 1962-68, programmes are grouped according to the major economic sector in which they lie, regardless of where administrative responsibility may be. This is illustrated by Table 5. Table 6 shows the capital expenditure programme according to the Ministries responsible for the administration of projects.

TABLE 5

FEDERAL CAPITAL EXPENDITURE PROGRAMME 1962-68

DISTRIBUTION BY SECTOR

£ million

	1955-61 Programme		1962-68 Programme	
	Actual Expenditure 1955-61	%	*Planned Expenditure* 1962-68	%
I. ECONOMIC				
1. Primary Production	1.2	0.8	20.5	5.0
2. Trade and Industry	3.8	2.6	44.0	10.7
3. Electricity	7.0	4.8	98.1	23.8
4. Transport	49.9	34.0	104.0	25.1
5. Communications	12.1	8.3	30.0	7.3
6. Water excl. Irrigation	2.0	1.4	1.8	0.4
II. SOCIAL OVERHEAD				
7. Education	6.8	4.6	29.2	7.1
8. Health	2.9	2.0	10.3	2.5
9. Town and Country Planning	17.4	11.9	23.2	5.6
10. Social Welfare	0.4	0.3	2.7	0.7
11. Information	1.0	0.7	2.3	0.6
III. GENERAL ADMINISTRATION				
12. Judicial	0.1	0.1	0.3	0.1
13. General Government	35.7	24.4	43.9	10.6
IV. FINANCIAL OBLIGATIONS				
14. Financial Obligations	6.1	4.1	2.2	0.5
Total	146.3	100.0	412.5	100.0
I Development	76.0	51.9	298.4	72.3
II Social Overhead	28.4	19.5	67.7	16.5
III General Administration	35.7	24.4	44.2	10.7
IV Financial Obligations	6.1	4.1	2.2	0.5
Total	146.3	100.0	412.5	100.0

TABLE 6

FEDERAL CAPITAL EXPENDITURE PROGRAMME 1962-68

BREAKDOWN BY MINISTRY

£'000

	Total by Programme	*Total by Ministry*
COMMUNICATIONS	—	30,000
Telecommunications	27,409	
Posts	2,300	
Meteorology	291	
WORKS AND SURVEYS		39,146
Roads and Bridges	35,382	
Surveys	1,901	
Lagos Water Supply	1,863	
TRANSPORT AND AVIATION		14,665
Inland Waterways Department	1,981	
Coastal Agency	50	
Marine Division	147	
Escravos Bar	6,578	
Koko—Extension	310	
Koko—Approach Roads	350	
Civil Aviation Department	4,949	
Transport Surveys	250	
Victoria Beach Erosion Study	50	
COMMERCE AND INDUSTRY		44,730
Steel Mill	30,000	
Mint and Security Printing	300	
Direct Investment in Industry	5,000	
Development Bank	4,000	
Insurance Company	1,000	
Agricultural Credit Institution	3,000	
Federal Loans Board	500	
International Trade Fair	400	
Federal Institute of Industrial Research	330	
Institute of Administration	200	
MINES AND POWER		3,176
Geological and Water Survey	1,007	
Mineral Development	169	
Oil Refinery	2,000	
ECONOMIC DEVELOPMENT		14,992
Fisheries Department	885	
Forestry Research	498	
Veterinary Research	322	
Agricultural Research	1,462	
Agricultural Investment	10,000	
Office of Statistics	100	
Development Research	500	
Nigerian Institute of Social and Economic Research	200	
Census	1 025	
CABINET OFFICE		12,665
Niger Delta Development Board	2,323	
Police	10,342	
INFORMATION		2,351
Domestic Broadcasting	1,096	
External Broadcasting	525	
Television	730	

	£'000 *Total by programme*	£'000 *Total by Ministry*
HEALTH		10,304
EDUCATION		28,954
LAGOS AFFAIRS		21,280
Lagos Sewerage	1,565	
Lagos Executive Development Board (Land and Housing)	15,028	
Nigerian Building Society	1,500	
Metropolitan Area Housing Project	1,344	
Lagos Town Council	1,843	
Tinubu Square Office Building	500	
LABOUR		2,701
ESTABLISHMENTS		1,830
African Staff Housing Fund	1,830	
DEFENCE		29,735
FOREIGN AFFAIRS		1,620
INTERNAL AFFAIRS		969
FINANCE		212
JUSTICE		272
STATUTORY CORPORATIONS AND COMPANIES		
Electricity Corporation of Nigeria		30,000
Niger Dam		68,140
Nigerian Railway Corporation		20,171
Nigerian Ports Authority		23,619
Nigeria Airways		1,919
Nigerian National Line Limited		6,350
Nigerian Coal Corporation		500
FINANCIAL OBLIGATIONS		2,200
TOTAL		412,510

I.—ECONOMIC DEVELOPMENT EXPENDITURE

A.—PRIMARY PRODUCTION

19. Over four-fifths of the population of Nigeria depend on, and more than half of its Gross National Product is derived from agriculture, forestry, livestock and fisheries. The expansion and modernisation of agriculture and related production is of crucial importance to the development of the Nigerian economy. The proceeds from export products will determine to a large extent the volume of imports which can be made available for economic development in other sectors; the efficient expansion of domestic food production will determine not only whether the Nigerian people will eat better, but also whether they can effectively reduce dependence on imported foodstuffs; the increased productivity of agriculture will determine whether the income of the great majority of the people can be effectively raised and this will in turn determine the size of the domestic market for the new industries which are expected to spring up.

20. *Agricultural Research.*—Agricultural research has been a traditional function of the Federal Government. It has performed this function directly through its own Research Institutions and indirectly through its support of the Inter-territorial Research Institutes. A greater effort is required to expand and make available the knowledge needed on the fertilizers, pesticides, improved seeds and improved farm practices which will work under Nigerian conditions.

21. The Federal Research Departments have in the past concentrated on improvement of domestic food crops. The work on the staple food crops, cassava, yams, maize and rice, will continue. In addition, a major effort is being made to expand in particular rice production and the production of other domestic foodstuffs of high nutritional value, such as potatoes and legumes.

22. In the present Economic Programme, special emphasis will be placed on soil fertility and fertilizer studies and the breeding of improved seeds. This work will supply much needed knowledge and will be closely co-ordinated with the activities of the Regional Governments. Its findings are expected to provide the basis for a major fertilizer programme which itself will form the basis for expanded fertilizer production.*

23. The Federation's support of Inter-territorial Research Institutes has resulted in a large expansion of cocoa production through the introduction of new varieties and of disease-control methods. It has resulted in the supply of improved oil palm seedlings and oil processing equipment. It is intended to establish an additional research institute specialising in rubber.

24. In order to provide a broad-based attack on the problem of modernisation of agriculture, a major survey of agricultural possibilities in Nigeria will be undertaken by the Food and Agricultural Organisation of the United Nations with the full co-operation of the Governments of the Federation.

25. The allocation for Federal Agricultural Research is £1,463,000.

26. *Veterinary Research.*—Livestock production is a major means of livelihood in the Northern Region. As the standard of living rises, the demand for higher quality foods, particularly for meat, dairy products, poultry and eggs, is expected to increase.

27. The Federal Government's Programme fits into the general National Plan through marketing research, research on improved nutrition and on improved stock. All of these directly lead to higher incomes for producers.

28. The Federal Department will continue its programme for vaccine production and training to control animal diseases. The Federal Government is also participating in a major campaign for the eradication of rinderpest organised on an international basis. In addition, the Department will, in co-operation with the Regions, provide better breeds of cattle, poultry and pigs to be distributed to the Regional breeding centres. It will also work on questions of improved milling and distribution of foodstuffs. It will provide beef-fattening units for animal nutritional research, a pilot abattoir, and a skin preparation unit. The total capital cost is set at £322,000.

29. *Forest Research.*—The importance of the forest resources of the country both for exports and for domestic use, cannot be overstated. As the level of personal incomes rises it must be expected that the demand for domestic use will grow rapidly and provision must

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* Some work in this field is at present being organised in Nigeria by the Food and Agricultural Organisation of the United Nations.

be made for this. The annual per capita consumption is likely to rise from 1.4 cubic feet in 1959/60 to 15.5 cubic feet by 1991. The more detailed targets are given in the following table :—

TABLE 7

FOREST PRODUCTION—1960-1991

(millions of cubic feet round wood equivalents)

Type of Product	1959-60	1991 *Targets*
Fuel	720	1,300
Poles	36	648
Sawn Timber for local use	15	270
Sawn Timber for export	4	6
Logs for Export	17	22
Plywood for Export and local use	1	10
Pulp Woods	0	7
Per capita consumption per year	1.4 cu. ft.	15.5 cu. ft.

30. The research required to meet these targets will include problems of forest regeneration, the improvement of existing species, the introduction of new species and a considerable reduction of the felling cycle. In addition, experiments are being carried out on the utilisation of mangrove swamps for pulping. The present wood utilisation laboratories will be expanded and will concentrate on the problem of pulp woods especially in the Delta area. The success of these experiments will be essential to the establishment of a viable paper industry for Nigeria. In addition, attention will be paid to improved logging, sawmilling, processing and preservation. The new School of Forestry at University College, Ibadan, will train the necessary manpower. It will be seen, therefore, that the potential effect of the small expenditure of £498,000 is likely to be very great.

31. *Fisheries.*—The development of Nigeria's off-shore fish resources is tackled along three major lines. First, although at present substantial amounts of fish are caught, a systematic hydro-logical and hydro-biological survey of Nigeria's coastal waters is essential. Nigeria's new experimental fishing vessel will take part in this survey, which will be carried out in co-operation with other West African countries and with the assistance of international agencies. The central project however, is the construction of an integrated fishing harbour in Lagos at the cost of £700,000. The efficient operation of modern fishing fleets requires the rapid loading and unloading of fishing vessels and the immediate processing of the catch. The prospective construction of the fishing harbour has already attracted serious enquiries by foreign private capital for the establishment of modern canning, freezing, fishmeal and fertilizer factories which will substantially add to export earnings, provide employment and improve the Nigerian diet.

32. Thirdiy, intensive training will be provided for Nigerian fishermen. It is expected that a training school will be erected in Lagos and that Nigerians will be sent overseas for training until the school is completed. Other facilities include improved roads and fishery equipment, together with supervised credit for Nigerians. In connection with the expected rapid expansion of ocean fishing, experiments will be made with refrigerated road and river transport and with storage units throughout the country. Attention will also be given to research aspects of inland fisheries, particularly with reference to Lake Chad and the Kainji Dam Reservoir.

33. *Development of Primary Production.*—To contribute to the maximum possible development in the field of primary production, the Federal Government has accepted to take the bold step of providing up to £25 million to assist Regional Governments in the expansion of their programmes for agriculture, veterinary, forestry and fisheries services. This sum will be made available in the form of loans and grants for specific approved projects. Details of the scheme have yet to be finalised but it is expected that expenditure will be distributed in roughly the proportion of £15 million for recurrent costs and £10 million for capital costs.

34. *Niger Delta Development Board*—Preliminary investigations have indicated a number of promising development possibilities in the Delta area, particularly in the case of rice, timber and fish production. In order to make a systematic survey of the possibilities of the area as a whole, the Niger Delta Development Board will undertake a series of investigations, in co-operation with the responsible Regional Governments, which are expected to lead to the suggestion of carrying out specific projects. The Board will concentrate its efforts in the field of primary production together with the related problems of transport involved in the distribution and marketing. Once schemes have been carefully investigated and their economic viability established, they will be referred to appropriate governments for implementation.

35. The total amount allocated as a grant to the Niger Delta Development Board for both capital and recurrent expenditure over the Plan period, is £2.323m. The first phase of the Programme will consist of establishing adequate headquarters and housing for the Board's staff and the preliminary study and planning proposed investigations into development possibilities. The second phase will be the recruitment of experts to undertake the various technical studies required. The final stage of the Board's activities will consist of a series of pilot projects to test the viability of the experts' findings.

36. *Statistics*—The Federal Office of Statistics requires £100,000 for the construction of buildings to house expensive tabulating and calculating machinery, and for records and offices. The difficulties encountered in formulating this Plan, due to the paucity of that reliable statistical data which are essential for all aspects of economic planning make this expansion urgent. During the Plan period the Department will be enlarged and, in addition to the expansion of its present activities, will undertake, in co-operation with Regional authorities, a major rural economic survey. It is expected that the new equipment will reduce substantially the time consumed in processing data for policy-making purposes.

37. *Special Economic Research Fund*—The preparation of the present Plan has required that a series of careful studies be undertaken on such subjects as the Niger Dam, Transport Co-ordination, Education, etc. The preparation of the second National Plan will require a series of major studies to guide policy. £500,000 has been set aside for such essential work.

38. *Nigerian Institute of Social and Economic Research*—Closely connected with the special economic studies mentioned above, will be the expansion of the present Nigerian Institute fo Social and Economic Research into the major National Institute of Applied Research on Nigerian development problems. The Institute will concentrate its attention upon long-range problems of the Nigerian economy with particular reference to the National Plans. I is intended that the Institute will operate independently from Government, but that its researc programmes will be prepared in close consultation with Government. It is also expected tha the Institute will provide valuable training for the staffing of planning organisations. A su of £200,000 has been provisionally allocated by the Federal Government for the financing o this important work.

39. *Geological and Water Survey*—Nation-wide surveys of Nigeria's mineral and water resources are of paramount importance to the future development of the country's potential. It is intended therefore to accelerate, by the adoption of the latest geophysical and geochemical techniques, the systematic geological mapping and field exploration which is now being carried out by the Ministry of Mines and Power.

40. Also included in this work will be a survey of under-ground water resources. This work, which is particularly important to the Northern Region, is an essential pre-requisite to large-scale planning of agriculture and forestry resources development, especially those requiring irrigation works. The potential contribution of successful water use as a result of these surveys, is expected to be considerable. The total amount set aside for geological and water surveys is £1.007 million.

41. *Mineral Development*—The discovery of major resources of oil and natural gas in Nigeria and their development on a large scale, requires that the divisions of dealing with petroleum and other mineral resources should be expanded to provide advice on economic, financial, legal and engineering questions of the petroleum industry, as well as to accelerate and promote the economic utilisation of other mineral resources. The Ministry will also expand the Jos School and Laboratory of Mines to accelerate the training of Nigerian officers. In addition, the possibility of providing services, credit and technical advice to facilitate the growth of small Nigerian-owned mines is being considered. As the petroleum and other mineral industries grow, the Inspectorate Division must also be expanded to comply with international and domestic safety regulations.

42. The following table summarises proposed capital expenditures on primary productions :—

	£'000
Agricultural Research	1,462
Agricultural Loans and Grants to the Regions	10,000
Agricultural Credit	3,000
Forestry	498
Fisheries	885
Veterinary	322
Statistics	100
Development Research and Services	500
Nigerian Institute of Social and Economic Research	200
Niger Delta Development Board	2,323
Geological and Water Survey	1,007
Mineral Development and Inspectorate	169
	£20,466

B.—TRADE AND INDUSTRY

43. Together with agriculture, the development of trade and industry has been accorded highest priority in the National Plan. The Federal Government's major aims in this sector may be summarised as :—

(*i*) to stimulate the establishment and growth of industries which contribute both directly and materially to economic growth.

(*ii*) to enable Nigerians to participate to an ever increasing extent in the ownership, direction and management of Nigerian industry and trade.

44. The following are cited as major examples of the various methods which the Federal Government will adopt to achieve these goals :—

(*a*) Government will establish an integrated iron and steel complex and will participate in the establishment of an oil refinery.

(*b*) Government will provide funds for direct participation in industries as the occasion arises.

(*c*) Government will organize a Development Bank that will lend to industries and act as one channel for foreign capital.

(*d*) Government will establish an Insurance Company.

(*e*) Government will provide for important services to trade and industry through research facilities, trade fairs and the like.

(*f*) Last, but not least, Government will formulate, through legislation, policies to stimulate the growth of private industries.

(1) DIRECT GOVERNMENT PARTICIPATION IN INDUSTRY

45. *Iron and Steel Mill*—Substantial progress has been made in the formulation of th establishment of a viable iron and steel complex that will use Nigerian ores, limestones, electri power and coal. Government has invited international competition for a viable project an several proposals have been received. While it is not possible at this time to specify th project which may finally be selected, sufficient progress has been made to be certain that decision may be made within a few months. It is expected that the project will be jointl financed by the four Governments, and in addition that private capital may participate. T ensure the minimum possible delay in commissioning the mill, the Federal Government ha set aside the full expected cost of £30 million for this purpose.

46. At the present time, it is expected that the mill will have a capacity of between 125,000 250,000 tons, and that it will concentrate on the manufacture of black and corrugated sheet rods and bars, angles and channels and other structural steel. The following table gives th imports of major categories in 1960 and the expected demand for those products which coul be domestically produced in 1967 and 1975 :—

TABLE 8

IMPORTS AND EXPECTED DEMAND OF CERTAIN IRON AND STEEL PRODUCTS

	Imports	*Expected Demand*	
	1960 '000 *t.*	1967 '000 *t.*	1975
Merchant products††	3.5	6.6	10.1
Black Sheets	3.0	11.0	18.0
Corrugated Galvanized Sheets	39.9	40.0	40.0†
Reinforcing Rods	35.0	52.9–87.2	87.4–161
TOTAL	81.4	110.5–144.8	155.4–22

† Aluminium sheets, asbestos cements and lighter weight sheets expected to compete.
†† Excludes large size angles, beams, channels ; all forgings pipe and wire.

47. The earliest year in which the steel mill can come into operation will be 1966, and will reach full capacity output in 1970 or 1971. Depending on the growth of the construct industry, the demand for reinforcing rods will have risen between 100 per cent and 200 per c by the time the mill is commissioned.† In addition, there is a possibility of producing w and certain other shapes. The demand for steel generated by both public and private activit resulting from the National Development Plan is expected to exceed the mill output.

48. Until a specific project is selected, exact profitability calculations cannot be ma However, some figures will indicate the substantial indirect effects which the steel complex w cause throughout the economy. The production of 125,000 tons of steel will require no less th 242,400 tons of iron ore, 75,200 of limestone, and 110,000 tons of coal. If the complex located in the Onitsha or Lokoja areas, it would add about 53 million ton miles to river traf an increase of nearly 45% over the traffic carried in 1960. The mill will require about per cent of the installed electric generating capacity of the Kainji Dam and will add abo 27 per cent to the electricity demand expected in 1971/2. Direct employment will be provid for about 1,500 people. A larger steel complex will raise these figures.

49. The size of the steel complex and its repercussions throughout the economy make essential that the greatest care is taken in evaluating the proposals submitted with a view selecting the mill most suitable to Nigerian conditions.

50. *Petroleum Refinery.*—In 1960, Nigeria imported £9.427 million worth of vario mineral fuels for domestic use only. The domestic market has thus grown sufficiently permit the efficient operation of a refinery based on Nigerian petroleum. The chemic composition of Nigerian petroleum will permit the domestic production of the following typ of refinery products some of which may be partly exported : motor spirits, kerosene, gas and some diesel oil and fuel oil. This will not eliminate the need to import other types refinery products. The refinery is expected to come into operation some time in 1964 a may be near full operation in 1965. Its capacity is projected at between 1¼ and 1½ million ton and its cost is set at £12 million. The cost of the refinery will be borne jointly by the fo Nigerian Governments and a major international oil company. The Federal Government share of the cost is £2 million.

51. The following summarises the benefits which are confidently expected once th refinery is brought into operation :—

(*a*) The refinery is expected to yield a profit in economic and financial terms over an above taxes and royalties.

(*b*) It will also represent a very substantial import saving : mineral fuel imports are expecte to reach the level of £11.7 million in 1963, the last year before the refinery is expected come into operation and it is anticipated that they will fall to £3.4 million by 1965.

(*c*) It is also expected that Nigerian refined petroleum will be exported to neighbourin countries.

52. Since petroleum refineries are highly capital intensive and automated, the direc employment impact is unlikely to prove significant. However, the effect on river traffic likely to be considerable. The improved navigability of the river resulting from the construc tion of the Dam at Kainji will, by lowering the river transport cost, further add to the use o river transport services for the movement of refinery products to the Northern Region.

53. *Coal Corporation.*—The emergence of alternative sources of energy has substantiall reduced the demand for coal. Although the Corporation has succeeded in increasing th productivity of its labour force, it is most unlikely that the trend of demand for coal for fue can be reversed, particularly as Nigeria possesses substantial reserves of high quality petroleum

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The demand for reinforcing rods has tripled in the last seven years.

and natural gas. The major factor that has led to a decline in the demand for Nigerian coal has been the conversion to oil by the Railway and Electricity Corporations, as well as by private industries, to which should be added the decline in export demand. Even if the steel mill should use between 100,000 and 150,000 tons of coal each year, the present annual rate of production of 672,000 tons should be ample to satisfy this and all other foreseeable requirements.

54. Government has allocated £500,000 to the Coal Corporation. This sum will be used first to assist research into new industrial uses for Nigerian coal; secondly, to prepare the opening of a new mine should prospects improve enough to warrant expansion and, thirdly, to mitigate the impact on employment of the decline in demand.

55. *Mint and Security Printing.*—With Nigeria's changed status as an independent Nation, it is essential to establish a mint and facilities for security printing. The establishment of these two institutions will require £300,000.

56. *Other direct Government Investment in Industry.*—Government feels it to be of the highest importance to have funds available for direct investment where industrial projects of national importance emerge, or where adequate Nigerian private capital is not readily forthcoming. For this purpose, the sum of £5 million has been provided in the Federal Plan. It is intended that this amount will be used principally to establish new plants in viable projects of strategic importance in development where lack of funds may seriously delay them. As far as possible, allocations will not be made from this provision for the buying out of existing plants. In all cases, priority will be given to investments in industries which, regardless of their size, will make a major contribution to the targets of the Plan. In suitable cases, the Federal Government will consider the possibility of selling its shares in plants established with these funds to private Nigerian investors under certain safeguards. This will have the effect of releasing funds for further investment in industry.

(2) DEVELOPMENT BANK AND INSURANCE COMPANY

57. *National Development Bank.*—The time is ripe to establish a National Development Bank along the lines of the successful banks which have already been set up in other developing countries. For this purpose, Government has set aside £4 million. The Bank will be established jointly by the Federal Government, Nigerian private investors, and foreign private capital. It is hoped that the National Development Bank will enjoy the active support of the International Bank for Reconstruction and Development, the International Finance Corporation, and other international development institutions.

58. The Bank will seek to join foreign skills and experience and foreign private capital with Nigerian skills and capital in the development of new industries and the expansion of existing ones. It will create attractive opportunities for investment in industry and provide an outlet for Nigerian savings which at present largely tend to flow into activities which do not contribute directly to economic growth. Although the Bank will evaluate proposals on commercial principles, it will stand ready to finance enterprises which cannot get funds through regular commercial channels either because such channels do not exist or because the risks are deemed unattractive for private financing.

59. It is intended that the National Development Bank will work closely with the various Regional Governments and the Regional Development Corporations. Although it will be primarily concerned with medium and large-scale enterprises, it is expected that it will provide some facilities for smaller scale industries through other expanded credit institutions.

60. *Insurance Company.*—The sum of £1 million is provided for the creation of an Insurance Company which will undertake the insurance of Nigeria's export crops. Government has thus taken cognizance of the need to conserve Nigerian foreign exchange resources for purposes of the development of the Country.

61. *Federal Loans Board.*—Government intends to aid small Nigerian businessmen trade, industry, construction and transport through the Federal Loans Board, to which £500, has been allocated. The Federal Loans Board will deal primarily with enterprises which too small to fall within the purview of the Development Bank. Measures for the impro ment of the financial and advisory services of the Federal Loans Board will be studied.

(3) GOVERNMENT SERVICES TO INDUSTRY

62. The lack of capital is only one of the elements that have hampered the expans of Nigerian private enterprise. In addition to the forms of financial aid envisaged above is intended that the technical and advisory services provided through an expanded Fede Institute of Industrial Research will be complemented by the programmes of the Instit of Management and Administration, which is discussed under the Education head. £400,0 has been set aside to develop a site in Lagos for an *International Trade Fair* which is to made an annual event and which will provide the market information and contacts need by expanding industries.

63. Although this document refers primarily to the Capital Programme, it must be realiz that, as with agriculture, the provision of advisory services on a variety of technical and mar gerial problems is essential to the success of the industrialisation programme. Witho such advisory services, which are provided under recurrent budget heads rather than und the capital programme, Nigerian businessmen could only with the greatest difficulties overcor the handicaps which have kept their expansion into trade, transport, construction and man facturing at a painfully slow pace. The expansion of advisory and technical services product designs, production layout, production control, personnel management, accountin marketing and the numerous business problems is receiving special attention.

64. Nigerian businessmen as well as potential foreign investors are aided by mark studies. Several such preliminary studies have been made in the course of the preparatic of the Plan. It is expected that this activity of Government will be continued on an expande scale. The Federal Government is also considering in what way it could assist the develop ment of Nigerian technical and managerial services on private initiative.

(4) INCENTIVE LEGISLATION

65. Government policy does not exhaust itself in the indirect or direct aids to industry an trade mentioned in Sections (1) through (3). Incentives complement the provision of capit and services. Government has for many years provided such incentives through Pionee Industries and Import Duty Relief Ordinances. The working of the ordinances is to be kep under constant review and legislative and administrative changes to make them more effectiv are now being examined.

66. The following table summarizes the proposed capital expenditure on Trade an Industry :—

	£
Iron and Steel Industry	30.000 million
Petroleum Refinery (Federal share)	2.000 million
Coal Corporation	0.500 million
Direct Investment in Industry	5.000 million
National Development Bank	4.000 million
Insurance Company	1.000 million
Federal Loans Board	0.500 million
Federal Institute of Industrial Research	0.330 million
International Trade Fair	0.400 million
Mint and Security Printing	0.300 million
Total	£44.030 million

C.—ELECTRICITY

67. *Niger Dam.*—The First National Plan will see the beginning of the development of the river that has given the nation its name. The Niger Dam project has been aptly described as the cornerstone of the Development Plan. Although the provision of electricity will by itself justify the construction of this great scheme, it should be viewed as part of a major river development project which will unfold over several decades.

68. The first stage of the development will be a dam at Kainji with a power station of four 70 MW generating units initially. A system of locks to enable barges to bypass the dam will be provided. The dam will create a major reservoir which will be suitable for fishing and will provide water for irrigation. It will also materially add to flood control.

69. As the demand for electricity grows, the installed capacity of Kainji will be raised to 980 MW requiring an additional ten generating units. Unless there are unforeseen developments which require that the utilization of Kainji be accelerated (the establishing of a major aluminium smelting plant), the power potential of Kainji will be exhausted in 1980. By 1982, the second dam at Jebba should be commissioned. It will add 500 MW to installed capacity when all ten generating units are installed. Additional benefits which it will provide include a second bridge across the Niger, together with the completion of the navigation control down stream to the confluence of the Benue River. The third stage provides for a dam at the Shiroro Gorge. This will be essentially a power project only. The total installed capacity, once the three stages have been completed, will be 1,730 MW.

70. Electricity consumption has grown rapidly during the past decade and it is expected that its growth will continue to increase rapidly. It will almost certainly double over the Plan period, and will continue to increase sharply over the following years, depending upon the rate of acceleration of industrial development.

71. The cost of the Kainji dam, which includes also the first stage of a national power grid, will be £68.1 million, divided as follows :—

TABLE 9

COST OF NIGER DAM PROJECT AT KAINJI

	£
Cost of Kainji dam, including four 70 MW generating units	39.9 million
Transmission Lines	12.8 million
Navigation installations	6.3 million
Reservoir Clearance	0.9 million
Financing Cost	8.2 million
Total	£68.1 million

72. The dam will be constructed during the Plan period and come into operation in 1967-8. By that time, the demand for electricity will have risen to at least 2,140 million KWh over the two years, even without the additional consumption which may be expected of the steel mill, a possible aluminium smelter and the oil refinery.

73. The following table gives the profit calculations from the sale of electricity alone (all figures refer to two-year periods) :—

TABLE 10

PROFIT CALCULATIONS FOR ELECTRICITY SALES FROM KAINJI DAM

	1967-68	1977-78	1987-88	1995-96
Electricity Consumption (million kwh)[*]	2,140	5,200	11,188	20,760
Revenue for the two years (£ million)[†]	17.840	43.340	93.160	173.0
Cumulative Revenue (£ million)[‡‡]	18.38	237.31	870.96	2062.45
Cumulative Total Surplus after cost (£ million)	0.10	96.95	452.1	1207.8
Net Cash Flow	13.4	37.1	82.2	120.3

74. The dam will not only pay for itself on the basis of electricity generation alone but, in addition, it will provide this electricity at a substantially lower cost than could be supplied by an alternative equivalent expansion of thermal generation.

75. The ultimate benefits which will be derived from transportation, fisheries, agriculture and the second roadway across the Niger at Jebba are tentatively estimated at about £20.1 million.

76. The construction of the dam and the resultant reliable supply of electricity at lower cost to industrial consumers, is expected to stimulate industrial development. The relationship to possible consumption by a steel mill has already been discussed above in paragraph 41.

77. *Electricity Corporation*—In addition to the provision of hydro-electric power, it is necessary to expand thermal facilities, partly to provide for the growing demand for electricity before the dam is commissioned, partly to provide balancing facilities for peak demand, and partly as standby capacity.

78. The Electricity Corporation of Nigeria plans to invest £30.0 million entirely from its own funds for the expansion of the system as follows :—

TABLE 11

INVESTMENT PLANS OF E.C.N.—1962-68

	£
1. Generation (expansion of Afam by 60 MW to 80 MW. Creation of Ughelli Thermal Plant, 60 MW)	8.974 million
2. Transmission	5.658 million
3. Distribution	6.959 million
4. New Town Development	3.320 million
5. Other Minor Works	2.688 million
6. Contingencies	2.401 million
	30.000 million

79. The generating stations at Afam and Ughelli will utilise the reserves of natural gas which are now under investigation. It is intended that the thermal stations will be integrated with the National Grid when the Dam is completed.

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[*] Excludes possible consumption by steel, aluminium, tin smelter, oil refinery.

[†] Assumes an average price of 2*d* per kwh sold.

[‡‡] Includes 6 per cent interest as cumulative totals.

80. Resulting from all these developments, the total installed capacity will increase from 196.6 MW in 1962 to 641.8 MW in 1968 as shown below :—

TABLE 12

INSTALLED CAPACITY (IN MW) FEDERATION OF NIGERIA

	March 1962	*March* 1968
1. Bulk Supply, Kainji	—	280.0
2. Lagos-Ibadan-Ughelli	109.0	169.0
3. Kaduna-Kano	22.8	40.0
4. Eastern Region, including Afam	55.2	136.2
5. Benin Area	4.6	4.6†
6. Other areas	5.0	12.0
TOTAL	196.6	641.8

† Will be covered by Ughelli bulk supply.

81. The following Table summarizes the capital investments in the electricity sector :—

TABLE 13

SUMMARY OF INVESTMENTS IN ELECTRICITY GENERATION

	£
Niger Dam at Kainji	68.1 million
Electricity Corporation	30.0 million
TOTAL	98.1 million

D.—THE TRANSPORT SYSTEM

(1) PRINCIPLES OF TRANSPORT DEVELOPMENT

82. The major objective of the Government's transportation policy is to meet the demands of the economy with a minimum expenditure of resources. It must also co-ordinate the system in such a manner that each form of transport will concentrate on the type of service for which it is best suited in terms of real cost and service considerations. This policy means, therefore, that investment in the transport sector should only be undertaken to meet firm, forecast traffic requirements, except in those cases where new facilities may confidently be expected to induce new production and traffic. A prerequisite for investment in transport projects is careful timing in relation to demonstrated traffic needs. In addition, not only must the availability of resources be taken into account, but also careful study must first be made in order to ensure the maximum use of income generated by the transport system itself.

83. Since the provision of transport services is extremely expensive and since the resources available to the Nigerian economy are scarce, it has been necessary to limit the total investment in the transport sector to approximately one-eighth of total capital expenditure proposed for the National Plan. This is in conformity with the priorities laid down for the formulation of the Plan. In Nigeria, as in other countries, it has become customary to provide some transport services (such as ports or railway transport) for which the consumer directly pays ; in other cases, such as roads, however, costs are not levied as a direct charge against the user but are recouped indirectly through various forms of taxation. In all cases, calculations have been made of benefits and costs to arrive at a decision on the investments to be undertaken.

(2) PROGRAMMES UNDER DIRECT CONTROL OF MINISTRIES

84. *The Federal Road Programme.*—The Federal Government is responsible for the development of the Trunk A road network. An amount of £35.4 million has been allocated to provide for a minimum essential road development programme. This programme has been developed on the basis of a system of priority ratings which combine considerations of expected traffic, engineering and safety standards and social and economic effects. The programme lays stress on international communications.

85. The programme will concentrate upon reconstructing the Trunk A road system by widening and straightening and by improved surfacing. Two major bridges will be provided, the Niger bridge between Onitsha and Asaba and the second Lagos mainland bridge. The latter and the improved access it will provide to the docks at Apapa are particularly important.

86. *Inland Waterways.*—The river and creek system of Nigeria provides a potentially cheap and extensive network of communications whose usefulness will increase with the control of the flow of the Niger after the Dam has been completed. The development of the navigation facilities will, however, be related to the expected expansion of traffic. At present, excess capacity exists in the river fleets and considerably increased traffic could be carried without additional investment. When, however, a steel mill and other industrial developments mature on the Niger, the picture will change radically.

87. River traffic is expected to develop as follows :—

TABLE 14

NIGER AND BENUE TRAFFIC AND COST

	1962–2	1964–5	1967–8	1971–2
Traffic based on known projects (million ton miles)	120	135	160	240
Traffic if potential developments mature (million ton miles) ..	120	156	243	293
Total cost per ton mile (pence) known projects	2.08	2.17	2.05	1.66
If potential developments mature	2.08	1.92	1.68	1.10

88. For these reasons, the Department's programme will be implemented in two stages. During the years 1962-5, £1.447 million will be invested for the improvement and expansion of the buoyage system and for patrolling the river to Kainji. This will be especially necessary if it is required to transport a large volume of the materials for the Dam by river.

89. The Department will initiate important hydrological studies of the Niger and will proceed with the aerial mapping of the river. It will conduct a series of river control experiments to seek economic methods for controlling silting and channel shifts. It will modernize the Lokoja dockyards and complete those at Warri. It will provide a school for training in the maintenance of river craft.

90. In 1965, the programme will be re-evaluated. If traffic developments warrant, £534,000 will be allocated for the implementation of the second stage. The construction of a dockyard at Port Harcourt and the expansion of night navigation are among the projects that will be considered for implementation during this phase.

91. *Coastal Agency, Marine Division.*—The Government Coastal Agency requires the modest sum of £48,880 to carry out its expanding responsibilities.

92. The Marine Division, which, among its other duties, is responsible for registration of ships, will establish bases at Lagos, Port Harcourt and the Delta Ports and accelerate the training of officers. £147,000 are provided for these purposes.

93. *Escravos Bar and Port of Koko.*—The construction of the Escravos Bar Mole was initiated during the 1955-62 Programme to prevent the silting of the only remaining outlet of the Niger. Completion is expected in 1964 at an additional cost of £6.58 million.

94. At present, the Bar allows ships to enter with a load of only 2,000-3,000 tons. Completion of the mole will be a factor in providing an all-weather channel sufficient to allow ships of 6,000-8,000 tons to pass and will result in lower costs to shipping. This will permit a modest increase in harbour dues, while abolishing the existing surcharges on traffic crossing the Bar.

95. Traffic at the Port of Koko is expected to grow by 50 per cent over the Plan period. £310,000 is required to finish the second phase.

TABLE 15

ESTIMATED TONNAGES TO BE HANDLED AT WESTERN DELTA PORTS, 1962-1971

COMBINED LOADINGS AND UNLOADINGS (1)

('000 tons)

Year	*Burutu*	*Warri*	*Sapele*	*Koko*	*Total*
1962	215	160	395	100	870
1963	245	175	430	110	960
1964	295	200	450	115	1,060
1965	295	200	470	130	1,095
1966	260	200	500	135	1,095
1967	265	205	530	150	1,150
1968	275	210	565	160	1,210
1969	290	225	605	165	1,285
1970	305	240	640	180	1,365
1971	315	260	700	190	1,465
TOTALS	2,760	2,075	5,285	1,435	11,555

(1) Excludes traffic due to the projected Aluminium Smelter, Steel Mill and the products of the Petroleum refinery.

Source :—Hogg's Report on traffic likely to move through the West Delta Ports 1962-1971.

TABLE 16

ESCRAVOS BAR MOLE

ECONOMIC COSTS ATTRIBUTABLE TO DELTA PORTS

	(*a*) *Total Economic Costs Escravos Bar* (1)	(*b*) *Costs Attributable to Delta Ports* (2)	(*c*) *Estimated Traffic* (*tons*) (3)	(*d*) *Cost per ton* (£) (*c*÷*b*)
1965	918,790	689,000	1,095,000	0.63
1966	918,790	689,000	1,095,000	0.63
1967	918,790	689,000	1,235,000	0.56
1968	918,790	689,000	1,380,000	0.30
1969	918,790	689,000	1,455,000	0.47
1970	918,790	689,000	1,535,000	0.45

Notes :—(1) Total recurrent costs plus 6 per cent interest charge on total capital cost.

(2) 75 per cent of recurrent costs including 6 per cent interest on capital. Balance of 25 per cent of cost attributed to river traffic on the basis of proportion of Delta Port traffic that moves on the river.

(3) Includes traffic from steel or petroleum freight from 1967 onwards.

96. *Civil Aviation.*—The Department of Civil Aviation is charged with the provision of airports and the installations needed to ensure rapid and safe management of aircraft. A total of £4.949 million has been allocated for the various projects for which the Department is responsible.

97. *International Aerodromes.*—At the present time, Lagos airport takes straight thrust jets only under weight limitations. The present runway must, therefore, be lengthened from 7,600 ft. to 10,000 ft. to permit efficient operation at full load. Although it is likely that, with the development of long-range jet aircraft transport, Kano will largely cease to be used for international traffic, its development for reasons of defence and as a possible alternative airport makes the extension of its airstrip to 10.100 ft. necessary. The airstrip at Port Harcourt will be lengthened to 7,500 ft. in order to accommodate expected increase in traffic. In addition, the reconstruction of the Airport Terminal at Lagos will be started to accommodate the increase in international traffic.

98. *Other Aerodromes.*—Runways at the other major airports served by Nigeria Airways will be extended and sealed. In addition, it is intended to develop twenty-six smaller airstrips and to take over the maintenance of six existing strips which could be used for air charter services in connection with major agricultural and industrial projects.

99. *Air Navigation, Telecommunications System and other works.*—The sum of £1.325 million is needed to develop telecommunications and navigation facilities which must accompany the increased traffic. In addition, £698,000 are needed to provide fire-fighting and crash equipment, access roads and staff quarters.

100. *Aeronautical Training.*—The sum of £500,000 is earmarked for the establishment of a West African Regional Aeronautical Training School, which will be sponsored by the International Civil Aviation Organisation and located in Lagos. This will be combined with the present Federal Flying and Civil Aviation School. It is expected that a sufficient number of Nigerians will be trained to take over all aircraft operations in the country by 1970.

(3) STATUTORY CORPORATION PROGRAMME

101. *Nigerian Ports Authority.*—The programme of the Nigerian Ports Authority has the highest priority within the transport sector. Traffic in the ports of Lagos and Port Harcourt has increased so rapidly that at present there are substantial delays in the loading and unloading of ships and over-crowding in sheds. The expansion of exports and the industrialisation and construction which are forecast over the Plan period will seriously accentuate these strains. It is imperative, therefore, that a major expansion of dock facilities be provided since delays at the quayside would result in increases in the development costs and losses in export earnings.

102. The programme of the Ports Authority is part of a long-range ten year development programme. During the six years of the National Plan, it will be necessary to invest £23.619 million in the expansion of port facilities. The Authority has made detailed traffic projections which have been carefully co-ordinated with the expectations for exports and imports of individual commodity groups. Since Nigeria's exports consist primarily of a limited number of commodities which can be shipped in bulk while imports consist of a great variety of commodi-

ties which are shipped in smaller quantities, the handling of exports and imports presents different problems. The projections for import and export tonnages,[1] together with the additional berths planned is shown in the following table :—

TABLE 17

EXPECTED TRAFFIC AT PORTS OF LAGOS AND PORT HARCOURT

	Present Capacity	*Forecast Tonnages*	*Weighted Bulk/General Cargo*	*120% to avoid congestion*	*Excess Tonnage*	*Shortage of Berths*	*Additional Berths Planned*
(*a*) PORT HARCOURT IMPORT CAPACITY AVAILABLE WITH 7 BERTHS							
1961–2	480	520	515	618	138	1	—
1962–3	660	536	541	649	—	—	—
1963–4	660	566	580	696	36	—	—
1964–5	660	579	606	727	67	1	—
1965–6	660	613	654	785	125	1	1
1966–7	710	694	735	882	172	1	—
(*b*) PORT HARCOURT EXPORT CAPACITY AVAILABLE WITH 7 BERTHS							
1961–2	440	321	—	385	—	—	—
1962–3	450	333	—	400	—	—	—
1963–4	450	345	—	414	—	—	—
1964–5	450	358	—	430	—	—	—
1965–6	450	369	—	443	—	—	—
1966–7	450	382	—	458	8	—	—
(*c*) APAPA IMPORT CAPACITY AVAILABLE WITH 9 BERTHS AND LIGHTER BERTHS							
1961–2	735	865*	838	1,006	271	2	—
1962–3	910	865	866	1,039	129	1	—
1963–4	910	924	948	1,138	228	2	2
1964–5	910	941	1,009	1,211	301	2	1
1965–6	910	1,004	1,106	1,327	417	3	1
1966–7	910	1,169	1,268	1,522	612	4	—†
(*d*) APAPA EXPORT CAPACITY AVAILABLE WITH 9 BERTHS AND LIGHTER BERTHS							
1961–2	790	735	—	882	92	—	—
1962–3	1,000	762	—	914	—	—	—
1963–4	1,000	790	—	948	—	—	—
1964–5	1,000	820	—	984	—	—	—
1965–6	1,000	838	—	1,006	6	—	—
1966–7	1,000	870	—	1,044	44	—	—

103. The programme calls for the construction of five new berths at Apapa (primarily to handle additional imports) and of two berths at Port Harcourt. The existing capacity will be sufficient to handle the growth of exports. In addition, consideration will be given by 1966 as to whether the Customs Quay at Lagos should be replaced or renovated.

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[1] Figures cover the five years 1962-67.

* All figures for Lagos Imports less 375,000 tons at Customs Quay.

† Plans now call for another berth in 1967-8, the last year of Plan. Also, replacement or renovation of Customs Quay must be decided by 1966.

104. Although the Authority's plans have provided a 20 per cent margin for seasonal peaks, the increase in traffic may exceed the forecasts. It is, however, likely that with the completion of the Escravos Bar project and the development of the Delta ports, particularly Koko, some of the traffic can be shifted to these ports.

105. In addition to the new berths at Apapa and Port Harcourt, the Authority will further mechanise its operations and will construct new warehouses in Port Harcourt.

106. At the present time, considerable congestion has developed in the movement of imports through the transit sheds at Lagos. The Authority is exploring new methods and procedure to facilitate rapid clearance. It is expected that improvements in the clearance of sheds will be aided by the construction of the Apapa-Western Avenue-Ijora Causeway and to the Second Mainland Bridge which are included in the Lagos road programme.

107. The profitable operation of the Nigerian Ports Authority will enable it to finance from its own resources £13.109 million out of the total capital expenditure of £23.619 million. The Authority expects to continue to operate at a profit as can be seen from the following table :—

TABLE 18

NIGERIAN PORTS AUTHORITY

EXPECTED FINANCIAL AND ECONOMIC RETURNS

	Depreciated Value of Capital	*Net[1] Income*	*Economic Rate of Return*	*Net[2] Financial Income*	*Financial Rate of Return*
1962–3	13,468	741	5.50	571	4.2
1963–4	15,967	779	4.88	636	4.0
1964–5	18,328	549	3.00	175	0.9
1965–6	21,653	351	1.62	595	2.7
1966–7	23,852	369	1.55	845	3.5
1967–8	27,755	398	1.43	1,011	3.6

108. In interpreting this table, it should be pointed out that, as with any highly capital-intensive project which takes a long time to construct, a considerable time elapses before the income is earned. In the case of the Ports Authority for example, it will be as long as four years before the third extension of the Apapa docks is finished. In the method of calculating the net income, no time lag has been taken into consideration. On the other hand, the net income has allowed for the payment of the full economic rate of interest of 6 per cent. The rate of return on the depreciated value of capital exceeds, therefore, the interest charged on the depreciated value of capital. The financial return, as distinct from the economic return, is substantially higher. The declining rate of return on the depreciated value of capital is entirely due to the rapid build-up of capital. This in turn involves a rapidly increasing burden of depreciation and interest charges while the returns from the investment would not begin to be felt until the next Plan period. It will be seen, therefore, that the economic return, including the implicit rate of interest of 6 per cent, is throughout the Plan period more than 7 per cent, that is substantially higher than the projected rate of growth of the economy. Even without allowing for any indirect benefits, it can be seen that the development of ports facilities will contribute substantially to economic growth.

109. Among the indirect effects which have not been evaluated will be the lowering of the costs of imports for development purposes due to the limitation of costly delays in transhipment. The essential contribution which the expansion will make to the evacuation of export production has already been mentioned.

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[1] Gross Surplus minus 6 per cent interest on depreciated value of capital true life of asset depreciation.
[2] Gross Surplus minus actual interest and amortisation payments.

110. The Authority will at the same time continue its training programme for Nigerians nd is expected to increase considerably the Nigerianisation of Senior posts by 1967. The xpansion of the ports will in addition create a substantial number of semi-skilled and unskilled obs.

111. Table 19 shows the expected expansion of ports facilities during the years following he Plan period.

TABLE 19

PORTS AUTHORITY PROGRAMME—2ND PHASE
1968-69—1971-72

	1968–69	1969–70	1970–71	1971–72	*£million* *Total*
TRAFFIC					
Berths at Apapa	1.750	1.750	1.750	—	5.250
Berths at Port Harcourt, etc. ..	1.000	1.055	1.081	—	3.136
Customs Quay Replacement[1] Berths	1.170	1.170	1.170	—	3.510
HARBOURS	0.400	—	—	—	0.400
DOCKYARDS	0.017	0.017	0.017	0.017	0.068
REPLACEMENTS OTHER THAN THOSE INCLUDED ABOVE	0.164	0.870	0.168	0.106	1.308
SUNDRY ADDITIONAL PROJECTS	0.250	0.250	0.250	0.250	1.000
	4.751	5.112	4.436	0.373	14.672

112. *Nigerian Railway Corporation*—The Nigerian Railway Corporation has, because of he rise of competition from road transport, lost its once dominant position. As a result, it has ncurred financial deficits in its operations during the past few years. It is at present also nder-utilised and its efficiency of operation has been low, partly due to old equipment.

113. The Corporation's programme during the coming Plan period is based upon traffic orecasts which are consistent with and have been carefully co-ordinated with those of the Nigerian Ports Authority, the expected traffic on the Niger River and the Delta Ports and the xpected freight traffic on roads. It is expected that railway freight traffic will grow from 1,366 million ton miles in 1961/2 to about 1,740 million ton miles in 1966/7, an average ncrease of about 5.4 per cent per year. Passenger traffic is likely to increase only slightly rom 415 million passenger miles to 465 million passenger miles over the same period.

114. The estimated total cost of the Railway programme is £20.17 million for the six years 1962/3 to 1967/8. Of this sum, £12.239 million will be financed by the Corporation primarily from its depreciation and other reserves. The system will be extended only to complete the remaining 230 miles of the Bornu Extension. In addition however, 14 diesel locomotives and 1,485 wagons will be purchased in an effort to modernize the railway, and £4 million or about 20 per cent of the total expenditures will be spent on re-laying track with heavier rails in order to make increased speeds possible. As a result of investment and modernization policies which it expects to put into operation, the Corporation is expected to show rapidly increasing financial profits after 1964/5. If, however, the calculations are based on true economic cost the Corporation will not break even throughout the whole Plan period. It will, however, show a steady improvement. By 1966/7, the economic rate of return on the depreciated value of capital, which allows an implicit rate of interest of 6 per cent on depreciated capital will be −1.81 per cent. Table 22 summarises the results and Tables 20 and 21 give the major details of the calculations :—

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[1] It is assumed that one additional berth will be required at Apapa each year as from 1968-69 to meet anticipated increase in traffic.

TABLE 20

ECONOMIC ANALYSIS OF THE NIGERIAN RAILWAY CORPORATION

All figures in £ million unless otherwise stated

	1960/61	1961/63	1962/63	1963/64	1964/65	1965/66	1966/67
(1) Gross Income	—	15.406	15.793	15.950	17.941	18.562	19.870
(2) Operating Costs including depreciation but excluding interest	—	14.860	14.861	15.083	15.680	15.937	16.365
(3) *Depreciation Charges*	—	2.484	2.701	2.728	2.792	2.823	2.832
(4) Interest Charges, actual	—	1.650	1.962	2.154	2.207	2.182	2.156
(5) Actual Interest Charges as percentage of depreciated value of capital	—	2.13	2.38	2.57	2.63	2.59	2.57 (%)
(6) Interest Charges calculated at 6% of depreciated value of capital	—	4.652	4.940	5.024	5.059	5.046	5.030
(7) Net Income if economic rate of 6% were charged	—	− 4.106	− 4.008	− 4.157	− 2.798	− 2.421	− 1.525
(8) Economic rate of return (item (7) as percentage of depreciated value of capital)	—	− 5.29	− 4.86	− 4.96	− 3.31	− 3.11	− 1.81 (%)
(9) Financial rate of return (net income of N.R.C as given by N.R.C. as percentage of depreciated value of capital)	—	− 1.42	− 1.54	− 1.54	+ 0.64	+ 0.53	+ 1.60 (%)
Calculation of Depreciated Value of Capital							
Accumulated Capital Expenditure	84.313	91.530	99.031	103.160	106.523	109.141	111.701
—*Less* accumulated Depreciation	11.498	13.982	16.683	19.411	22.203	25.026	27.858
—*Equals* Depreciated Value of Capital	72.815	77.548	82.348	83.749	84.320	84.115	83.843
Implicit Rate of Depreciation	—	3.20	3.28	3.26	3.31	3.35	3.38 (%)
Calculation of Average Cost per ton/mile							
(*i*) If interest is charged at the economic rate of 6 per cent :—							
Gross Expenditure	—	19.512	19.801	20.107	20.739	20.983	21.395
Estimated Freight Traffic, million ton/miles	—	1.366	1.396	1.411	1.570	1.618	1.739
Cost, pence per ton/mile	—	3.428	3.404	3.420	3.170	3.112	2.952
(*ii*) If interest is charged at N.R.C. rate :—							
Gross Expenditure	—	16.510	16.823	17.237	17.887	18.119	18.520
Cost, pence per ton/mile	—	2.900	2.892	2.931	2.734	2.687	2.556
Calculation of Average Revenue per ton/mile							
(*i*) Gross Income	—	15.406	15.793	15.950	17.941	18.562	19.870
(*ii*) Estimated Freight traffic (million ton/miles)	—	1.366	1.396	1.411	1.570	1.618	1.739
(*iii*) Average Revenue, pence per ton/mile	—	2.47	2.70	2.71	2.74	2.75	2.74

Notes.—Items (1), (2), (3) and (4) given by N.R.C. Item 5 calculated.
Item (7) Gross Revenues (Item (1), less operating costs (Item (2), and 6 per cent intest (Item (6)).

TABLE 21

NIGERIAN RAILWAY CORPORATION—CASH FLOW ANALYSIS OF FUNDS AVAILABLE AND REQUIRED

	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68
	£'000	£'000	£'000	£'000	£'000	£'000
I.—FUNDS REQUIRED:						
1. Bornu Extension	5,507	3,155	312	—	—	—
2. Other Capital Expenditure	1,994	974	3,051	2,618	2,560	—
3. *Total Capital Programme*	*7,501*	*4,129*	*3,363*	*2,618*	*2,560*	—
4. Amortization I.B.R.D. Loan	407	430	453	478	504	531
5. Amortization Other Loans	50	50	199	298	376	400
6. Operating Cash Balance	203	210	241	213	1,054	4,413
7. Total Funds Required	£8,161	4,874	4,256	3,607	4,494	5,344
II.—FUNDS AVAILABLE:						
8. Operating Cash Balance (end of previous year)	210	203	210	241	213	1,054
9. Net Income or Loss	– 1,030	– 1,287	54	443	1,349	1,349
10. Depreciation	2,701	2,728	2,792	2,823	2,832	2,841
11. Fixed Asset Requirements	130	130	100	100	100	100
12. Total Funds Available	£2,011	1,774	3,156	3,607	4,494	5,344
13. Other Funds Required from Government (7-12)	6,150	3,100	1,100	—	—	—

TABLE 22

Year	*Cash Financial Results*	*Financial Rate Return*	*Economic Results*	*Economic Rate Return on Capital*
1962-63	—1,030	—1.54%	—4,008	—4.86%
1963-64	—1,287	—1.54%	—4,157	—4.96%
1964-65	+ 54	—0.64%	—2,908	—3.31%
1965-66	+ 443	+0.53%	—2,421	—3.11%
1966-67	+1,349	+1.60%	—1,525	—1.81%
1967-68				

115. *Nigeria National Line.*—The Nigeria National Line was organised in 1958. The Federal Government held 51 per cent of the shares, the remaining 49 per cent being held by two technical partners. The Line has joined the West African Conference. It has operated its ten ships on its share of the Conference traffic. The Company owns five ships and charters five others. In 1961, the Federal Government purchased the interest of the technical partners ; the small remaining balance of the purchase price is included in the allocation now made to the Line. The sum of £6.1 million is provisionally set aside for investment in additional ships if the prospects of the shipping market warrant it. Of this sum, the Line expects to provide £5.1 million from its own resources to be complemented by a Government loa of £1.1 million. In considering the expansion of its programme, full account will be take of the economics of chartered as against owned ships. It is intended to explore ways and means by which the existing capacity of the National Line can be utilized and further expansio effected.

116. *Nigeria Airways (W.A.A.C. (Nigeria) Ltd.).*—Nigeria Airways have made a small profit on their operations. The domestic routes are serviced by seven Dakota aircraft and international operations are run by charter aircraft in conjunction with B.O.A.C.

117. The Company's programme is designed to cope with an expected increase in domesti traffic of between 5 per cent and 15 per cent per year during the Plan period. Its majo objective is the reduction of the very high engineering and administrative cost inherited fro the past.

118. *Engineering Base and Domestic Aircraft.*—The first step in reducing engineering cost consists of the construction of an Engineering Base at Ikeja Airport for which £650,00 are allocated. The Base will be completed late in 1962 and full engineering services are expected to be available by 1963.

119. The Company has already introduced measures to reduce staff and administrative costs while accelerating Nigerianisation and training.

120. The seven Dakota aircraft will be replaced over the Plan period by five F.27 Fokke Friendship airplanes at an estimated cost of slightly over £2 million. This is additional t provision already made in 1961 for the F.27 Planes and the Engineering Base. The Fokke Friendships are 44-seat turbo-prop aircraft which will provide approximately 25 per cen more capacity than the seven Dakotas which they replace. The replacement of the Dakotas with the faster turbo-prop machines will permit an increase in the number of existing services on the major internal lines.

121. The possibility of using the seven Dakotas for such purposes as low-density routes charter operations and security flights is being considered. In addition, the Company i experimenting with small charter aircraft operations to supplement private operators.

122. Government has already provided, in 1961, funds* towards the cost of the Engineering Base and purchase of Fokker Aircraft. Subject to an enquiry into Company Resources and Loan possibilities during the Plan period, Government will provide an additional £1.7 million. If however, the cost can be financed from internal resources of the Company and commercial loans, then Government will provide a loan of only £105,000.

123. While the Dakota aircraft are being replaced, Nigeria Airways will not be able to show profits. However, after 1965, the Company will become increasingly profitable. If domestic traffic increases 10 per cent per year, the net economic result for *all* Company operations will average approximately 2.3 per cent for the first four years after the Fokker Friendships come into operation. If traffic increases by more than 10 per cent and present measures to reduce administrative and engineering cost come into operation before 1965, the Company will show profits earlier.

124. *International Route Development.*—The present international flights of Nigeria Airways are carried out by chartered Brittania aeroplanes in conjunction with B.O.A.C. and Dakota flights to Ghana. The Fokker Friendship planes will permit extension of West African routes and will permit Nigeria Airways to meet the competition of modern aircraft. Government is particularly interested in the further development of African routes for which a provisional £200,000 are set aside. Preliminary steps include the acquisition of offices and promotion of publicity. Final decision will, however, take account of the economics of air transport in Africa, including the possibilities of co-operation and pooling equipment with other African countries with a view to creating a viable African Airline. In view of the well-known losses of international jet services, consideration will only be given to establishment of long-distance jet services when the market prospects appear to justify it.

(4) MISCELLANEOUS PROJECTS

125. *Surveys.*—The Ministry of Works and Surveys will undertake a 10-year project to complete the contour mapping of Nigeria on a uniform basis. The total cost during the Plan period is estimated at £1.5 million. These maps are essential not only for proper transport development but also for agriculture, industry, defence and other purposes. The execution will be carried out on contract and will include the latest aerial and ground survey methods. An additional £101,000 is provided to purchase survey equipment and train Nigerian surveyors.

126. An additional £250,000 are allocated to various survey studies to be undertaken by the Ministry of Transport and Aviation. A proposed Transport Planning Unit in the Ministry of Transport and Aviation will decide on the order of priorities of the surveys.

127. *Approach Road to Koko.*—Government is providing £350,000 to develop further the approaches to the port of Koko, which, as has been stated, has become the fastest growing port in the Delta area.

128. The following table summarises the capital expenditures on the Transport Sector :

		£ million	*£ million*
I	Roads	35.382	—
	Inland Waterways Department	1.981	—
	Coastal Agency	0.050	—
	Marine Division	0.147	—
	Escravos Bar	6.578	—
	Expansion of Koko	0.310	—
	Civil Aviation	4.949	—
	Carried forward	49.397	—

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* £895,000 was provided by Government in 1961 for both the Base and the F 27.

		£ million	£ million
	Brought forward	49.397	
II	Nigerian Ports Authority	23.619	
	of which out of N.P.A.'s own resources		13.119
	Nigerian Railway Corporation	20.171	
	of which out of N.R.C.'s own resources		12.239
	Nigerian National Line	6.350	
	of which out of N.N.L.'s own resources		5.100
	Nigeria Airways (W.A.A.C.)	1.919	
	of which out of N.A.'s own resources		1.437
III	Surveys by Ministry of Works and Surveys	1.901	
	Surveys by Ministry of Transport	0.250	
	Approach Road to Koko	0.350	
	TOTAL	£103.957 million	

E.—COMMUNICATIONS

129. *Telephone and Telegraph Services*—The present system of domestic telecommunications has become inadequate. There are long waiting lists for telephones, including demands for services from expanding commercial and industrial establishments. The projected growth of the economy requires a substantial expansion of the telephone system.

130. In order to catch up with the backlog of demand and the expected new requirements, 60,000 new exchange lines will be installed permitting the use of over 100,000 additional instruments. Emphasis will be placed upon the expansion of trunk dialling facilities between the major urban commercial and industrial centres. In addition, a telex (teleprinting) system will be introduced into Nigeria. The sum of £27.4 million is allocated to the expansion of this essential service.

131. The present accounting methods by which neither interest nor depreciation is charged to the system has concealed the fact that a large element of subsidy, both to private and Government users, has been involved in the operation when calculated on a true economic basis. While these subsidies could be borne when the service was small, the system has now reached the level where it must not only pay for itself but must also begin to generate some of the resources required for its own expansion.

132. The Government proposes, therefore, to reorganise the system to operate on a commercial basis. Rate schedules will therefore be reviewed so as to eliminate subsidies to private and governmental subscribers. This follows the general principles accepted by all the Governments of the Federation that the cost of services should, as far as possible, be borne by the users.

133. *International Communications*—International Wireless Communications are at present entrusted to Cable and Wireless Ltd. It is expected that there will be a change in the existing arrangements affecting ownership and control of international wireless communications, and it is probable that this change will be affected by the needs of close association among African States.

134. *Postal Services*—Government will spend £2.3 million to expand the postal services. Forty-two additional post offices will be provided and new postal agencies will be established. Special efforts are being directed towards expanding the services of the Post Office Savings Bank. It should be stressed here that this accords with the policy of the Governments of the Federation to mobilise domestic resources to the fullest for the First National Plan.

135. At present, the Nigerian postal services are subsidized by the taxpayer†. The financial returns show that the cash receipts of the postal services will exceed expenditure by £1.960 million over the Plan period. Economic calculations, however, indicate substantial subsidies of over £2.7 million will be incurred over the Plan period. The Government has therefore commenced investigations to determine methods of reducing cost without impairing services.

136. *Meteorological Services*—Improved information on weather conditions is essential for aircraft operation, river transport, agriculture and industry. The capital provision of £291,000 has, therefore, been allocated for the expansion of the Meteorological Services. The important indirect benefits of this programme will greatly exceed the modest cost involved.

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† This is equally true in the case of the postal services of the majority of countries.

TABLE 23

TELECOMMUNICATIONS

FINANCIAL AND ECONOMIC RETURNS OF OPERATIONS ASSUMING NO CHANGE IN RATE SCHEDULES

FINANCIAL RETURNS OF TELECOMMUNICATIONS SERVICES

£'000

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
Investment	1,500	4,500	6,000	8,000	7,000	—
Cumulative Investment	13,500	18,000	24,000	32,000	39,000	39,000
Gross Revenues (Cash)	3,010	3,500	4,080	4,320	5,000	5,880
Expected Cost (Wages + Other Charges)	3,461	3,644	3,900	4,114	4,401	4,735
Financial Return	−451	−144	+180	+206	+599	+1,145
Financial Returns/Cumulative Investment	−3.3%	−0.8%	+0.7%	+0.6%	+1.5%	+2.9%
ECONOMIC RETURNS OF TELECOMMUNICATIONS SERVICES						
Cumulative Depreciated Value of Capital	12,321	16,328	21,675	28,808	34,656	33,270
Expected Cost (Wages + Hidden Costs + Other Charges and Interest + Depreciation)	5,539	6,033	6,849	7,759	8,762	9,307
Economic Return	−2,529	−2,533	−2,769	−3,439	−3,762	−3,427
Economic Return/Cumulative Depreciated Value of Capital	−20.5%	−15.5%	−12.8%	−11.9%	−10.9%	−10.3%
FINANCIAL RETURNS OF POSTAL AND REMITTANCE SERVICES						
Investment	200	400	400	500	500	—
Cumulative Investment	2,507	2,907	3,307	3,807	4,307	4,307
Gross Revenues (Cash)	2,100	2,300	2,500	2,700	2,900	3,100
Expected Cost (Wages + Other Charges)	1,940	2,060	2,190	2,310	2,460	2,680
Financial Return	+160	+240	+310	+390	+440	+420
Financial Return/Cumulative Investment	6.4%	8.3%	9.4%	10.2%	10.2%	9.8%
ECONOMIC RETURNS OF POSTAL AND REMITTANCE SERVICES						
Cumulative Depreciated Value of Capital	2,626	2,921	3,204	3,576	3,933	3,776
Expected Cost (Wages + Hidden Costs + Other Charges and Interest + Depreciation)	2,580	2,748	2,943	3,121	3,343	3,596
Economic Return	−480	−448	−443	−421	−433	−496
Economic Return/Cumulative Depreciated Value of Capital	−18.3%	−15.3%	−13.8%	−11.8%	−11.3%	−13.1%

NOTE—*Financial* returns are arrived at without allowing for :—depreciation, interest charges on capital ; cost of the telephone system borne by other Ministries than the Ministry of Communications. On the other hand, the value of services provided by P & T free of charge to Governme
not included among gross revenues.

137. The following table summarises the capital expenditure proposed :—

	£
Telephone and Telegraph	27.409 million
Postal Services	2.300 million
Meteorological Services	0.291 million
TOTAL	£30.000 million

(F) URBAN WATER SUPPLIES

138. The provision of an adequate urban water supply is not only a most important measure of preventive medicine, but also a frequently limiting factor to industrial development. In the case of Lagos, the planned expansion of the water supply system is essential for the expected increase in industrial and commercial development which will take place during the next few years. For this purpose, £1.8 million is requested. The target is to raise the water supply to the metropolitan area from 14 million gallons per day in 1961 to 40 millions gallons per day by the end of the Plan period. This increase should be sufficient for the anticipated human, industrial, and commercial needs of the area.

139. As the appended Table 24 shows, present water rate collection will not pay for the economic cost of the water supply. Government is considering the establishment of a Lagos Metropolitan Area Water Board to improve the collection of water rates. Improved metering systems to private, industrial and commercial users, and increased charges to the Lagos Town Council for water flowing through general public water points will raise revenue sufficiently to pay for the operating cost, depreciation and interest charges of the water supply.

TABLE 24

LAGOS WATER SUPPLY EXPANSION—1962-1968

COSTS, REVENUE, SUBSIDY AND ECONOMIC RATE OF RETURN CALCULATIONS

£'000

	1961-2	1962-3	1963-4	1964-5	1965-6	1966-7	1967-8
1. Cumulative Fixed Capital Investment	2,397	3,086	3,537	3,800	4,055	5,500	5,500
2. Depreciated Value of Capital (after 4 per cent depreciation) ..	2,106	2,671	2,981	3,092	3,185	4,410	4,190
3. Wages *plus* Other Charges *plus* Depreciation *plus* 6 per cent Interest	621	733	819	887	942	1,114	1,140
4. Revenue Estimated for 1961-62	130	130	130	130	130	130	130
5. Net position at 1961-62 Revenue	−491	−603	−689	−757	−812	−984	−1,010
6. Revenue if 80 per cent of value of water at present rate is collected	512	669	826	984	1,117	1,250	1,384
7. Net Position if 80 per cent of Potential Revenue collected (line 6)		−64	7	97	174	137	244
8. Rate of Return if 80 per cent of Potential Revenue collected (line 6 ÷ line 3) per cent		−2.4	0.2	3.2	5.5	3.1	5.8

Line 3. Wages and other charges as estimated. 6 per cent interest charge on depreciated value of capital.

Line 6. Taken as 80 per cent of revenue if all water sold at present rate of 2*s*-6*d* per 1,000 gallons.

II.—SOCIAL OVERHEAD EXPENDITURE

G.—EDUCATION

140. The Federal Government is responsible for education at all levels in Lagos, for certain institutions of higher learning and for the Department of Antiquities. In addition to its direct responsibilities, the Federal Government intends to offer some assistance to the Regions by way of grants and other means, to implement their education programmes. The Education Programme is designed to increase as rapidly and as economically as possible the high level manpower which is indispensable to accelerated development. (1) The programme described in the following paragraphs amounts to £33.454 million. The necessity to husband scarce resources requires that a ceiling of £29.0 million be set to this programme, to which £200,000 for the Institute of Management and Administration should be added. It is expected that considerable reductions in costs can be achieved in individual projects. The appended Table 25 lists the projects according to their priority.

141. *Primary Education.*—Universal free primary education in Lagos was introduced in 1955. By 1961, primary school enrolment reached the level of 83,000. Due to the lack of adequate accommodation, the schooling of this large number of children could be achieved only by teaching in two shifts and by renting unsuitable and expensive accommodation. In order to keep pace with the rapid increase in school-age population and to eliminate double shifts, an additional 1,700 class rooms will be required for the 150,000 children who will be enrolled in 1968. At the same time, the duration of the primary school course will be reduced from 8 to 7 years. The cost of classrooms is tentatively estimated at £3.123 million.

142. *Secondary Grammar Schools.*—The number of students entering Secondary Grammar Schools in 1961 was 960. It is intended to provide First Form places for 1,650 students in 1966, that is, 15 per cent of the number of children who successfully have completed their primary school education. One-third of these places will be taken by children coming from outside the Lagos area. The tentative allocation to secondary grammar schools in Lagos, including provision for boarding accommodation and the rebuilding of the Methodist's Boys' High School, is £975,000. To this sum £200,000 must be added to provide for assistance to one voluntary agency modern school.

143. *Sixth Form Education.*—To enable an increasing number of students to qualify for entry to Universities and other institutions of higher learning, the number of sixth form places available by 1967 will be 20 per cent of the first form places. Of the 330 students who will enter the sixth form each year, slightly more than half will come from outside the Lagos area. The sum of £805,000 has been provisionally allocated to achieve this target.

144. *Technical Education.*—£1.195 million is provided for the training of 5,000 technicians per year in Lagos. The Government attaches the highest importance to the training of skilled workers without whom development in all sectors of the economy would be severely retarded.

145. *Teacher Training.*—In 1962, an Advanced Teacher Training College will be opened to provide well-qualified non-graduate teachers for service in each of the Regions. Concurrent with this will be an expansion of facilities for the training of Government and Voluntary Agency Grade II and III teachers. The teaching staff for primary schools will increase from 2,576 in 1961 to 3,050 in 1967 and for secondary schools from 319 in 1961 to 510 in 1967. The cost of the Teacher Training programme is £831,000.

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(1) *See* Ashby Report on "Investment in Education" and the subsequent Government White Paper, "Educational Development, 1961-70", Sessional Paper No. 3 of 1961.

146. *Assistance to Education in the Regions.*—The Federal Government has accepted the responsibility to assist the Regions in certain aspects of their education programmes. This assistance will include the following :—

(*a*) The sum of £3.117 million will be given as a grant to the Northern Region towards achieving its target for primary school education.

(*b*) The Federal Government will establish one National High School in each Region, at a total cost of £1.840 million. Each High School will be designed to accommodate 570 students.

(*c*) Grants amounting to the sum of £135,000 are set aside for the expansion of sixth form education in the Regions.

The assistance to the Regions, excluding scholarships and universities, amounts to £5.092 million.

147. *West African Examinations Council.*—£110,000 will be contributed to the West African Examinations Council, which will be expanded in conjunction with other countries.

148. *Universities and University Scholarships.*—The major effort of the Federal Government in the education sector relates to universities. University College, Ibadan, will expand from 1,138 students in 1961 to 3,380 in 1967, and will add a number of new departments of particular significance to economic development at a total estimated cost of £4.646 million.

149. The University of Lagos will be established at a cost of £5.514 million and is expected to have an enrolment of 1,800 students by 1967.

150. The University is expected also to possess certain unusual characteristics. It will provide the first school of commerce and business administration and of law in Nigeria. It will also provide for a Department of African Studies, as well as for departments of geology, mineralogy and engineering, vital for providing the high level manpower for accelerated growth. An unusual feature will be the provision of evening classes for University student. Special attention in the engineering department will be given to engineering design essential for adapting modern technology to Nigerian conditions.

151. The Federal Government will provide grants to Regional Universities amounting to £4 million. This is additional to the transfer to the Regional Universities of the three branches of the Nigerian College of Arts, Science and Technology, which have been valued at £4.260 million.

152. Government has provisionally allocated £3.3 million for overseas scholarships and £2.190 million for university scholarships within Nigeria. It is intended that the pattern of awards by subjects will be more closely geared to prospective needs of Nigeria than before.

153. The total contribution to higher education is therefore provisionally estimated at £19.650 million, that is about three-fifths of the total proposed educational budget.

TABLE 25

MINISTRY OF EDUCATION

DEVELOPMENT PROGRAMME 1962-68

ESSENTIAL PROJECTS (IN ORDER OF PRIORITY)

		£ Million
1	National High Schools in the Regions	1.840
2	U.C.I. Expansion	4.646
3	University of Lagos	5.514
4	Sixth Form Development in Lagos, including King's and Queen's	0.515
5	Sixth Form Development in the Regions	0.135
6	Conversion of Federal Emergency Science School to a National High School	0.290
7	Post-Graduate Scholarships	1.642
8	All Technical Education Projects	1.195
9	Advanced Teachers' College	0.530
	SUB-TOTAL	£16.307

TABLE 25 (*continued*

	£ Million
PRIORITY A	
1. Nineteen Secondary Grammar Streams (including sites and equipment)	0.645
2. Teacher Training (other than Advanced Teachers College) (School buildings only)	0.189
3. Expanded Overseas Scholarships Scheme	3.848
4. Housing and Office Accommodation (Headquarters)	0.194
5. 700 Primary Classrooms and Special Schools (including sites and equipment)	1.431
6. Citizenship and Leadership Training Centres	0.150
7. West African Examinations Council	0.110
8. Antiquities	0.335
SUB-TOTAL	6.902
PRIORITY B	
1. 1,000 Primary Classrooms (including sites and equipment)	1.836
2. Archives	0.450
3. Modern Aids to Teaching	0.050
4. Rebuilding of Methodist Boys' High School	0.072
5. Teacher Training Colleges : Boarding	0.062
6. Boarding Secondary Grammar Schools	0.258
7. Secondary Modern School	0.200
SUB-TOTAL	2.928
PRIORITY C	
Assistance to Regional Universities (Building equivalent to a capital grant of £4.260 million has been given to the Regional Universities by means of the transfer of the three branches of the Nigerian College of Art, Science and Technology)	4.000
TOTAL CAPITAL	30.137
GRANTS UNDEFINED TO NORTHERN REGION PRIMARY EDUCATION	3.117
GRAND TOTAL CAPITAL COST (unrevised)	33.254
CAPITAL ALLOCATION	28.95 million

154. *Department of Antiquities.*—The Department of Antiquities has been selected by the U.N.E.S.C.O. to operate a valuable Training Centre for museum technicians from the French- and English-speaking African countries. £335,000 has been allocated for the Department's activities.

155. *National Archives and Citizenship Training Centres.*—£450,000 has been requested for National Archives and £150,000 for Citizenship and Leadership Training Centres.

156. *Institute of Management and Administration.*—The sum of £200,000 has been allocated to the establishment of an Institute of Management and Administration, which has been mentioned above in paragraph 55, for the purpose of training Nigerian businessmen administrators and improve the skills of those already employed in business.

H.—HEALTH

157. The various projects included in the Federal Government's programme for health and which are discussed below, are estimated to cost a total of £10.3 million. It is hoped that reductions in the costs of construction will make possible the execution during the plan period of most of the proposed projects. The Federal Ministry of Health will determine precise priority allocations within the programme.

158. The major emphasis of the Ministry of Health programme will be on the training of doctors. The ratio of doctors to population in Nigeria is at present about 1 to 32,000. Clearly the present number of doctors is entirely inadequate, particularly when it is realised that in many areas villages are situated as much as a hundred miles from the nearest medical facilities. Disease and injury takes a severe toll of life and result in costly losses of labour, time, output and efficiency. The Government realises therefore that a carefully co-ordinated health programme is essential, not only for the physical welfare of the Nation, but also to contribute to the increased productivity which is essential for the success of the Plan. One of the National targets therefore, is to increase in the shortest practicable time the number of doctors, so that there will be at least one doctor to every ten thousand persons. A major contribution towards the achievement of this goal will be the Federal Government's programme for a great increase in medical teaching facilities. The University College Hospital, Ibadan, will be expanded at a cost of £2.050 million and the Lagos University Teaching Hospital will provide facilities for teaching clinical medicine for the University of Lagos Medical School. The cost of the Lagos University Teaching Hospital is provisionally estimated at £2.820 million. By 1970, these institutions will produce 200 qualified doctors every year. This contrasts with the present output of only 30 qualified doctors who are now produced every year by the University College Hospital.

159. Concomitant with the expected increase in the number of doctors, it is essential that there should be a corresponding acceleration in training nursing staff. The Federal Government will therefore erect a Nurses' Hostel to accommodate 500 nurses in training.

160. The Federal Government's health programme also includes a series of other important projects, amongst which should be mentioned the establishment of a post-graduate school of nursing and the addition of a 300-bed maternity ward at the Lagos Poly-clinic. This latter project will achieve two purposes. Once this building has been constructed the Island Maternity Hospital will be converted for use in pre- and post-graduate training in medicine and surgery. Other projects in the programme include the expansion of dental training facilities, the expansion of the Yaba Smallpox Laboratory and of the Chemistry and Public Health Laboratories, the reconstruction of Lagos General Hospital and the expansion of the Royal Orthopaedic Hospital. Several health centres in the Lagos metropolitan area are planned to treat minor complaints and thereby relieve the strain on the Out-patients' Departments of the hospitals. Finally, special mention must also be made of the proposal to establish a National Institute of Preventive Medicine. The importance of this project lies in the fact that it will test and give direction to the work carried out in health centres, not only in the capital, but throughout the Federation. It is expected to become the central organisation for promoting all measures directed to the eradication of preventable diseases.

161. The following is a summary of the proposed capital expenditure on Health :—

	£ million
1. Lagos University Teaching Hospital	2.820
2. University College Hospital, Ibadan	2.050
3. Lagos General Hospital	1.269
4. Health Centres	0.715
5. Nurses Hostel	0.500
6. Royal Orthopaedic Hospital, Igbobi (expansion) ..	0.650
7. Children's Hospital	0.800
8. Mental Hospital	0.800
9. Yaba Smallpox Vaccine Laboratory	0.750
10. Dental Service	0.200
11. Expansion of Chemistry Division and Public Health Laboratories	0.125
12. National Institute of Social and Preventive Medicine	0.150
13. Post-Graduate Nursing School	0.150
	10.304

I—Town and Country Planning

162. It is the Government's intention that all development projects relating to the Lagos Metropolitan Area should be considered in the context of the overall needs of the area. Every effort has therefore been made to produce a fully co-ordinated development scheme, irrespective of the fact that projects were submitted by different Ministries, Departments and Statutory Corporations. This policy has been adopted because, unless an integrated programme is prepared for the Lagos area as a whole, the present congestion and chaos would undoubtedly worsen.

163. Several existing factors condition the problems of the planned development of Lagos. Each project has therefore been considered in the light of how far it may assist in solving one or more of these problems. Some of the major difficulties may be enumerated as follows :—

(*a*) The inter-relationship between a rapid increase in population and the major expansion of Government, commercial and industrial activities, is the basic cause of the Lagos problem.

(*b*) The population is increasing at a faster rate than the provision of new facilities. Health services, housing, schools, transport, water and markets are already inadequate. Despite major investments, the situation is liable to deteriorate further if the present rate of population increase continues.

(*c*) The relatively large proportion of high income groups combined with land shortage has induced expensive house construction and use of land. This is especially true in the case of the large number of office blocks and luxury houses under construction. The development of swamp land is extremely expensive, with the result that comparatively small areas of land absorb scarce resources ; price levels have become exorbitant and quite impossible for the ordinary Nigerian citizen to consider.

(*d*) Given the level of demand for land and the limited resources available to Government, land and construction costs must be reduced sharply, if the average Nigerian citizen is to be able to purchase his own house. Not only is this desirable socially, but it would also release Government resources which are at present tied up in rented accommodation and in subsidies. Again, if the cost of houses and plots could be reduced, a sharp acceleration in the number of houses constructed would result.

164. In addition to the various measures relating to the Lagos area and which are described in this document, the Government proposes to achieve co-ordinated solutions to these problems by the following means :—

(*a*) The United Nations is being requested to supply a team of experts to review existing developments and proposed projects with a view to defining a programme to meet the long-term transport, housing, and land-use problems of the metropolitan area.

(*b*) The Lagos Town Council is inviting a transport expert to investigate ways and means of instituting rapid passenger transport.

(*c*) The Ministry of Lagos Affairs will establish a standing committee on which will be represented both Government Departments and commercial concerns which have a particular interest in Lagos development. The Committee will continuously review and co-ordinate all proposed projects in the area.

165. *Housing Problem*.—The present population of the Federal Territory lives in overcrowded conditions. To prevent a further deterioration in the situation and to allow for the expected increase in population, at least 24,000 housing units* must be provided of which about 60 per cent will be for low income receivers, 30 per cent for middle income groups, and 10 per cent for persons in the upper income brackets.

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* A housing unit is defined as accommodating six people.

166. As has been described in paragraph 162 above, housing and land policy are closely inter-related. This problem will be tackled by a series of measures. It is intended to develop land for lease at economic rates for upper income housing. For this purpose, it is intended to auction Government-owned building plots, a reserve price of not less than half the present market value being fixed. By this method, the profits of land development will become available for investment in further development. For middle income housing, it is intended to supplement land development and leases at economic rents with the provision of adequate financing facilities at unsubsidized interest rates.

167. For low income groups it is intended to develop the land and to turn out by mass-production methods shell houses at a cost which will allow individuals to purchase them at a price which is lower than the rent paid at present. The shell houses will be two-roomed dwellings of permanent construction supplied with electricity and water services. It is anticipated that they will be sold at a moderate monthly charge payable over twenty years, the purchaser being required to finish the interior of the house. This project represents a new approach to the problem of providing essential low-cost housing for the people of Lagos. Furthermore, unlike previous attempts to solve the problem, this programme will pay for itself and will require no subsidies.

168. The necessary pre-requisite for the housing programme will be provided by a land reclamation, swamp drainage, and land development scheme in the Yaba, Victoria Island and South Surulere areas at a total provisional cost of £6.37 million. In addition, the Lagos Executive Development Board will improve surface water drainage at Surulere at a cost of £500,000.

169. The Government intends to provide a loan of £1.5 million to the Nigerian Building Society to enable the Society to provide mortgage credit at economic rates for a major part of the middle income housing programme.

170. A further £1.8 million has been allocated to the African Staff Housing Fund, which will be administered on an agency basis by the Nigerian Building Society. By adopting a policy of giving credit at economic rates, both these institutions will be able to replenish their funds and increase their lending ability.

171. In concert with Government's aim to mobilise domestic savings to the highest possible degree, the Building Society will be encouraged to make every effort to increase the level of local savings. At the same time, the Government is reviewing its housing policy with a view to reducing its investment in staff housing. The African Staff Housing Fund will charge mortgage rates not less than the interest paid by the Federal Government on funds which it raises for the purpose. This accords with the general policy of eliminating subsidies as far as possible and of placing the cost of scheme upon its beneficiaries.

172. The sum of £1.344 million has been tentatively set aside for housing development in the metropolitan area when this becomes practicable.

173. £1 million has been spent in the past on slum clearance. The funds derived from the disposal of cleared land will be available for further clearance. The scheme will thus be completely self-financing and will require no further capital allocation.

174. The total cost of the integrated programme for land development, housing, and provision of mortgage credit will require the sum of £15.028 million. Of this sum, the Federal Government hopes to provide £4.456 million, the remaining funds being derived from income generated by the Building Society, the African Staff Housing Fund, the sale of leases at economic rates and the sale of houses.

175. *Transport Policy.*—As with all major cities, Lagos is confronted with an increasingly difficult traffic problem which is of great economic importance. The Lagos transport problem is made even more acute by the fact that the island is at present linked to the mainland by only one bridge and one ferry service. The delays due to traffic hold-ups can, and do, contribute to increasing costs of badly needed development goods. Mention has already been made (paragraph 164) of a United Nations team which will study land use and transport development in the Federal Territory.

176. In the meantime, to relieve traffic congestion, the Lagos Executive Development Board plans to construct a clover-leaf approach to the southern end of Carter Bridge at an estimated cost of £950,000. The construction of the second Mainland Bridge by the Federal Ministry of Works has already been mentioned. The Lagos Town Council intends to construct seven miles of new streets and a new bridge across the MacGregor Canal at a cost of £522,000. Other projects of Lagos Town Council will include street and drainage improvement, and additional street lights at a cost of £450,000.

177. *Lagos Sewerage.*—The planned development of Lagos as the capital city of the Federation and which is discussed more fully in paragraph 162, embraces the provision, as early as possible, of an adequate water-borne sewage system. The present difficulties in waste disposal in Lagos arise chiefly from the high and increasing density of population, the nature of the soil which makes the use of septic tanks unsatisfactory for both technical and health reasons and the high cost of construction of septic tanks. £1.565 million are allocated for this purpose during the Plan period.

178. Although the total capital cost will be provided by Government, the total economic cost (recurrent cost plus depreciation, plus interest) will be borne by the Lagos Town Council from rates collected. This conforms with the policy of shifting the cost of a service to the beneficiary of that service. The economic analysis of the Lagos Island Sewerage System is given in Table 26.

TABLE 26

ECONOMIC ANALYSIS OF LAGOS ISLAND SEWERAGE SYSTEM

PROGRAMME FALLING WITHIN THE SIX YEAR PLAN PERIOD

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
TRUE ECONOMIC COSTS						
(1) Capital Investment	200,000	306,000	569,000	490,000	—	—
(2) Depreciated Value of Capital*	192,000	477,760	1,003,760	1,431,160	1,368,560	1,305,960
(3) Recurrent Costs	—	2,000	5,000	9,000	14,000	14,000
(4) Total Costs (Recurrent + Depreciation + Interest)	19,520	50,906	108,226	157,470	158,714	154,958
(5) Costs to L.T.C.	19,520	50,906	108,226	157,470	158,714	154,958
(6) Costs to Federal Government	—	—	—	—	—	—
CAPITAL EXPENDITURE AND FINANCIAL REQUIREMENT						
(1) Capital Expenditure	200,000	306,000	569,000	490,000	—	—
(2) Reimbursement from L.T.C. rate collection	19,520	48,906	103,226	148,470	144,714	140,958
(3) Demand on Government resources	+180,480	+257,094	+465,774	+341,530	−144,714	−140,958

* 25 years life assumed

179. *Other Services.*—Included in the plans of the Lagos Town Council is the construction of four new markets, of which three will be located on the Mainland. It is expected that this will encourage greater decentralization of commercial activities in the island. The total cost is estimated at £676,000. When, in about three to four years, the markets come into full operation, they are expected to generate funds sufficient to cover recurring costs and some repayment of capital.

180. £100,000 has been set aside to acquire land for and to develop a Lagos abattoir. The outcome of the expert agricultural investigations mentioned in paragraph 16 above will determine the manner in which this project will be implemented.

181. *Protection of Victoria Beach.*—£50,000 has been allocated for experiments to determine a feasible engineering solution to the problem of protecting Victoria Beach and the associated threatened silting of the outer mole of Lagos Harbour.

TABLE 27

LAGOS HOUSING TARGETS

	Minimum Programme	*Maximum Programme*
1. Lagos Population in 1951	250,000	230,000
2. Lagos Population in 1961	364,000	450,000
3. Average annual rate of change, 1951-1961	4.5 %	9.5 %
4. Lagos Population in 1967 (projected by (3))	466,760	663,750
5. Population Growth, 1962-1967 (rounded)	102,000	214,000
6. New Units Required*	17,000	35,666
7. Existing Units necessary to house present population	60,666	75,000
8. Replacement Units needed 1962-1967	7,585†	11,250‡
9. Total Unit Requirement ((6) + (8))	24,585	46,916
10. Annual Unit Requirement when spread over six years	4,098	7,819
11. Average Annual Unit Requirement : 5,959 units, say 6,000 units p.a.	—	—

Notes.—* A unit is defined as housing for six persons.
† Assuming units depreciated at 2.5% per annum.
‡ Assuming units depreciated at 3% per annum.

TABLE 28

LAGOS TOWN COUNCIL

A.—MARKET EXPANSION—1962-1968

Location	*Number of Stalls*	*Total Cost* £	*Cumulative Total Cost* £	*Cost pe Stall* £
1. Lagos Textile Market (Oko-Awo)	700	371,100[1]	371,100	378
2. Surulere	1,000	180,000	551,100	180
3. Apapa	1,000	136,000	687,100	136
4. Abule-Ijesha	200	27,200	714,300	136
TOTAL	2,900	714,300		

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[1] Excludes rehousing costs.

TABLE 28—continued

B.—ECONOMIC AND FINANCIAL RESULTS OF MARKETS

	1963	1964	1965	1966	1967
1. Capital Costs[1]	39.7	58.2	71.2	72.3	70.2
2. Operating Costs	7.5	12.3	16.3	16.3	16.3
3. Total Costs	47.2	70.5	87.5	88.6	86.5
4. Gross Income	39.2	71.5	103.8	110.2	110.2
5. Net Income	– 8.0	1.0	16.3	21.6	23.7
6. Economic Rate of Return	– 2.2%	0.19%	2.6%	3.4%	4.0%

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[1] Capital cost here is made up of 4% depreciation on cumulative total cost plus 7% interest on depreciated value capital.

182. The following is a summary of proposed capital expenditure on Town and Country Planning :—

	£ million	£ million
1. Lagos Executive Development Board	15.028	
of which out of L.E.D.B.'s own funds		10.572
2. African Staff Housing Fund	1.830	
3. Loan to Building Society	1.500	
4. Possible Federal contribution to additional housing within the Metropolitan Area	1.344	
5. Lagos Sewerage	1.565	
6. Activities of Lagos Town Council	1.843	
7. Investigation of Protection of Victoria Beach	0.050	
TOTAL	£24.160 million	

J.—SOCIAL WELFARE

183. *Labour Exchanges.*—One of the main targets of the Plan is the creation of more employment opportunities in non-agricultural occupations and to ensure that the maximum use is made of scarce resources of skilled manpower. An essential service will, therefore, be provided by the Ministry of Labour's activities in the fields of job placement, trade testing and factory inspection. To expand these activities, eighteen combined labour exchange and office buildings will be constructed, thirteen of them sited in the main commercial centres of the Regions. Although the total capital cost of these buildings is provisionally estimated at a mere £130,000, it must not be overlooked that the major activities of the Ministry are of a recurrent nature. An additional £240,000 is required for staff housing.

184. In addition to its normal activities in the field of preventive mediation and conciliation in trade disputes, the Ministry is already undertaking surveys and investigations into such highly important subjects as occupation classification and employment market information. Mention must also be made of the recent establishment of the National Provident Fund. The fund, which is still in a formative stage, will, it is believed, provide a measure of social security to workers and induce greater stability in employment.

185. *Co-operative Credit.*—The sum of £255,000 is allocated to the Lagos Co-operative Central Financing Society. This society will act as a central agency for various small-scale co-operative societies covering such activities as fishing, building and other crafts. It will regulate their financial policy and provide credit for their activities.

186. *Youth Programmes and other Welfare Programmes.*—£220,000 has been set aside for youth clubs and this sum will be supplemented by grants to voluntary agencies amounting to £80,000. The construction of a remand home for juvenile delinquents will cost £120,000. Grants to assist the disabled will amount to £85,000.

187. *Sports Programmes.*—Construction of a National Stadium to replace the present temporary structure is provided for at a sum of £1 million. Nigerians have already demonstrated an outstanding ability in many fields of sport and continually improving standards require that a fitting arena should be made available. It is hoped that, when completed, the project will become self-financing. £70,000 has been set aside to assist in the further development of sports.

188. *Fire Services.*—There has been no major expansion of the fire services for many years. The rapid expansion of Lagos makes it essential that the Lagos Fire Brigade be supplied with the buildings and equipment necessary for adequate protection of the city. The sum of £488,000 is allocated for the construction of a new headquarters fire station and new sub-stations at Onikan and Surulere, the latter to include a training school.

189. The following table summarises the proposed capital expenditures on Social Welfare :—

	£'000
Multi-purpose Labour Offices and Staff Housing ..	370
Co-operative Credit	255
Social Welfare Expenditure	506
National Stadium	1,000
Assistance to Sports	70
Fire Services	488
TOTAL	£2,689,000

K INFORMATION

190. *Domestic Broadcasting.*—The Nigerian Broadcasting Corporation is embarking on a ten-year development programme to expand its domestic broadcasting services. The Corporation already provides local coverage at seventeen major centres in the Federation which gives an opportunity to sell advertising of purely local interest. In order to bring more dependable services throughout Nigeria, the Corporation proposes during the Plan period to shift to a medium-wave transmitter at Kaduna of sufficient power to cover the whole country. At a later date regional transmitters in the three Regional capitals may be added. The capital cost of the expansion will be £1.1 million.

191. The Corporation intends to increase the sale of advertising time. The expected revenues from advertising and licences will, however, not meet recurrent cost as at present forecast. It is intended, therefore, to make a major effort to improve the collection of licence fees and to review the rates for advertising, as well as to institute economies in operating costs.

192. *External Broadcasting.*—External Broadcasting services are administered by the Nigerian Broadcasting Corporation. The "Voice of Nigeria" is already in operation on a limited basis and ultimately will be heard throughout Africa. Plans call for broadcasts in four languages for two hours daily. A total of £1,085,000 will be spent on four transmitters at Ikorodu, studios and staff quarters. £560,000 has already been included in the Federal estimates for 1961-2. The remaining capital expenditure of £525,000 will be made in 1962-3.

193. *Television.*—Construction of the Federal television service is already underway and will become operative in the first year of the Plan. The service will be operated on a management contract basis by a private corporation. The sum of £730,000 is included in the Plan. It is, however, likely that part of this amount will be spent before April 1962, the beginning of the Plan period. Steps are being taken to create out of the existing television systems a national system. It is hoped that emphasis in the national system will be given to educational programmes.

194. *Other Activities.*—The Federal Government fully recognises the great importance of accurate, up to date and well organised public information appropriate to Nigeria's present status, and the Ministry of Information is, therefore, undergoing a process of re-organisation. In particular, it is hoped to invite an expert from Canada to advise on re-organisation of the Film Unit.

195. The total amount allocated to the various Information activities is £2.351 million.

III.—EXPENDITURES ON GENERAL ADMINISTRATION

196. In conformity with the overall priorities of the Plan expenditures on administration have been held to the minimum consistent with the security of the Nation, the maintenance of law and order, the administration of justice for all, the efficient provision of administrative services needed by the community and the representation of Nigeria abroad.

A.—SECURITY

197. *Defence*—The sum of £29.735 million is set aside for Defence.

198. *Police*—Provision has been made for barracks and police posts, costing £10.342 million.

199. *Prisons*—A total of £481,000 has been allocated to the construction of a new Prison at Makurdi, the reconstruction of the Prison at Ibadan and the improvement of other prisons. The sum also includes provision for prison workshops (including equipment and for staff quarters).

B.—OTHER GOVERNMENT SERVICES

200. *Census*—Work has already begun on the Census, which will be completed during the early part of the Plan period. The cost is £1.025 million. The Census is expected to provide the first reliable and detailed population data which are essential for all future economic planning, and will constitute the basis for further specialized studies.

201. *Supreme Court*—Provision of £272,000 has been made for the construction of a new Supreme Court building.

202. *Embassies*—The establishment of new embassies will require the purchase of buildings in certain foreign capitals. The sum of £1.620 million is allocated for this purpose. The possibility of renting suitable accommodation will be explored before a final decision on purchase is taken.

203. *Customs Houses*—The sum of £212,000 is allocated to the construction of new Customs Houses at Lagos and Kano, and for a new training school for customs officers.

204. *New Tinubu Square Office Building*—A new Tinubu Square Office Building, which will be erected at the cost of £500,000, will relieve the present over-crowding in Government offices.

205. The following table summarizes the proposed capital expenditures on Genera Administration :—

	£
Defence	29.735 million
Police	10.342 million
Prisons	0.481 million
Supreme Court Building	0.272 million
Purchase of Embassies	1.620 million
Customs Houses and Training School	0.212 million
Tinubu Square Office Building	0.500 million
Census	1.025 million
	£44.187 million

IV.—FINANCIAL OBLIGATIONS

206. *Pension Fund for Coal Corporation*—£1 million has been set aside to fund the Coal Corporation's pension liabilities. The Corporation will receive Government securities to that amount ; the economic cost to the Federal Government will therefore be only the interest payable on the securities.

207. *Nigerian Membership of International Institutions*—During the Plan period, Nigeria intends to pay one-third of its membership quota in the International Bank for Reconstruction and Development, and to become a member of the International Development Agency. The sum of £700,000 is set aside for these purposes.

208. The following table summarizes the proposed expenditure for financial obligations :

	£'000
Pensions Fund for Coal Corporation	1,000
Lump Sum Compensation	500
One-third of membership in I.B.R.D., I.D.A., etc.	700
Total	£2,200

V.—CONCLUSION

209. The Federal Development Programme, the details of which have been described in this document, must be viewed as part of the National Plan and has followed the same set of priorities as have the Regional Programmes. The implementation of the Federal Programme, as indeed of the whole National Plan, represents a challenge to the Governments and people of this country which they are determined to meet. The Federal Programme and the whole National Plan constitute the first major step forward in a series, the objective of which is to take Nigeria to that stage of economic development where she will be able to stand on her own feet. The process is unlikely to be easy. It will call for clarity of vision, for determination and for sacrifices which may be painful. The Government is determined that these sacrifices will be shared equally and justly by all Nigerians. It must be added that specific policies, whose precise details are now being worked out, will be devised to ensure that Nigerians participate to the fullest extent possible in the realisation of the national objectives which the Governments of the Federation now set before them.